

McFarlane Expected to Testify Reagan Ordered Contra Aid



Robert C. McFarlane

By Joel Brinkley
New York Times Service
WASHINGTON — Robert C. McFarlane, the former national security adviser, is expected to testify on Monday that President Ronald Reagan ordered the national security staff to arrange support for the Nicaraguan rebels after Congress rescinded aid in 1984, according to officials and associates of Mr. McFarlane.

But they said that Mr. McFarlane would assert that the president did not specify how that was to be done. And he will say that neither he nor Mr. Reagan directed the National Security Council to break the law.

Mr. McFarlane is scheduled to be the next witness before the joint House-Senate committee investigating the Iran-contra affair. It was unclear how the president intended to have his administration maintain support for the contra-

as the Nicaraguan rebels are known, while remaining within the law.

[During a trip to Alabama on Sunday, Mr. Reagan declined to answer a question about Mr. McFarlane, saying, "Let's just for a few moments decide there's enough controversy and we'll leave it in Washington this day." The Associated Press reported Mr. Reagan delivered the commencement address at Tuskegee University in Alabama.

[The White House spokesman, Martin Fitzwater, also declined to comment Sunday on McFarlane's testimony, saying: "Wait until the testimony tomorrow. We'll have to wait and see what he says."

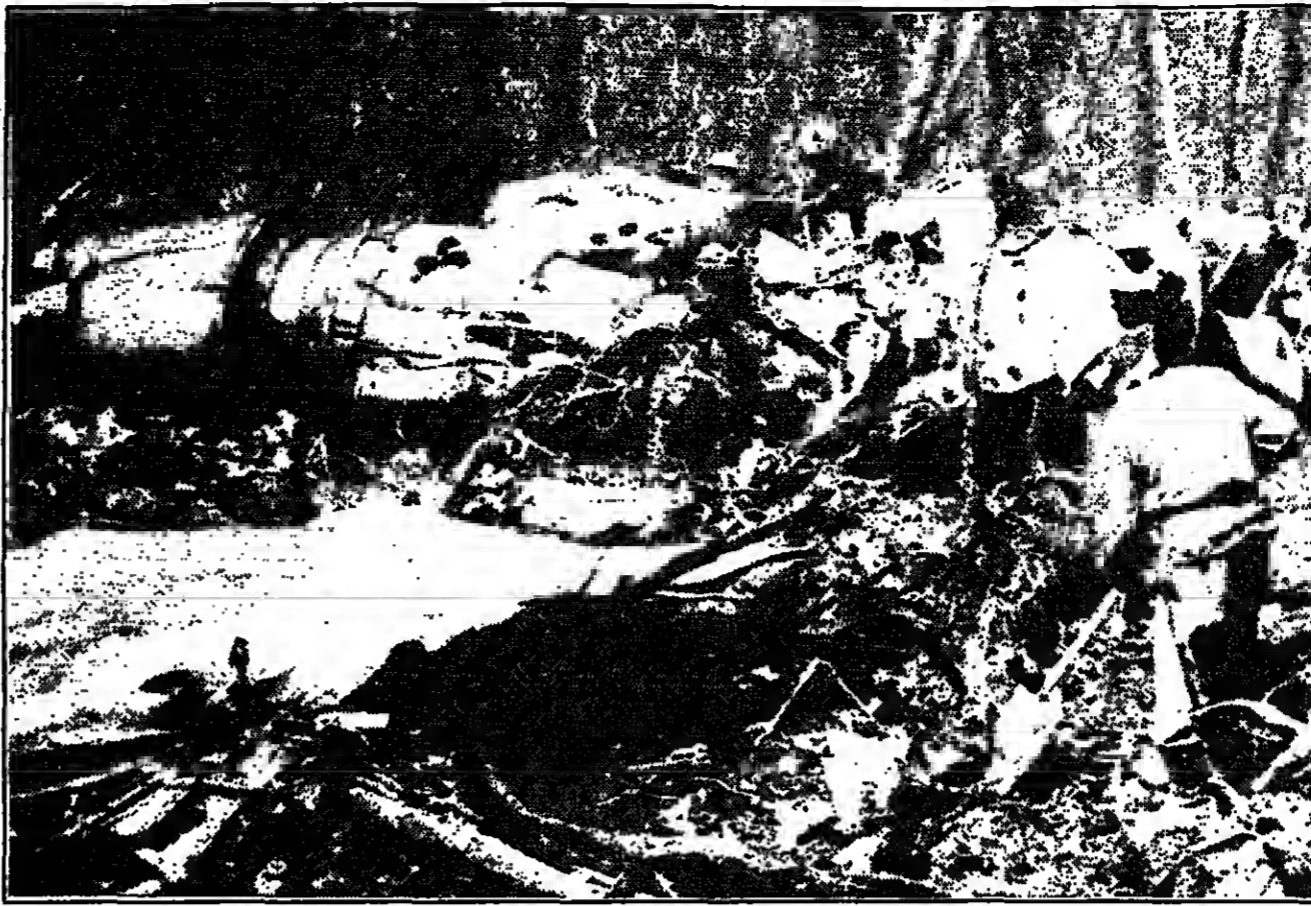
[Senator Daniel K. Inouye, chairman of the congressional panel, said Sunday that it would "tarnish the president's image" if it were confirmed that Mr. Reagan did give a blanket order that his national security staff arrange help for the contra without saying how it should be done. Mr. Inouye, Democrat of Hawaii, was speaking on an ABC television interview program.]

One of the key mysteries puzzling investigators of the Iran-contra affair has been whether Lieutenant Colonel Oliver L. North, a former national security aide, and other officials set up the elaborate secret program to aid the contra on their own initiative or on orders from the president.

Mr. McFarlane's testimony is expected to lead support to the growing belief among investigators that the president was far more aware of the program than he has admitted. Mr. Reagan has maintained that Mr. North was operating beyond his authority. In March, for example, Mr. Reagan said he was "angry" about "activities undertaken without my knowledge," including "secret bank accounts and diverted funds."

Mr. McFarlane is not expected to say that Mr. Reagan specifically directed Colonel North and others to set up the secret bank accounts, dummy corporations and the elaborate air supply operations that

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Workers sifted through the wreckage Sunday of a Polish airliner that crashed near Warsaw.

Poles Find Recorder in Crash Fatal to 183

The Associated Press
WARSAW — Authorities searching the wreckage of a Polish jetliner on Sunday examined the flight recorder for clues about why the plane went down, killing the 183 people on board, officials reported.

The charter flight of the Polish airline LOT, bound for New York, crashed Saturday in a wooded area three miles (five kilometers) from the runway at Okęcie International Airport, on the outskirts of Warsaw.

The pilot was trying to return to make an emergency landing after reporting engine trouble. The Polish Foreign Ministry said that 17 persons holding U.S. passports were among the dead.

Stefan Pozniak, a spokesman for

the Transport Ministry, said the flight recorder had been found in the wreckage and was being analyzed. A statement issued by the Civil Aviation Board said it was too early to speculate on the reasons for the crash.

Police sealed off the crash site as representatives of a special government commission and forensic crews searched through the debris. A police spokesman said: "It's difficult to say how many bodies have been recovered because they are lifting parts of the plane now and there is just a mass of bodies" underneath. Most of the bodies, he said, were "simply unidentifiable."

Worst Crash in Poland
Jackson Diehl of The Washington Post reported from Warsaw: The accident, the worst in Polish

aviation history, occurred at 11:12 A.M. local time Saturday as the Soviet-built Ilyushin 62M jet was returning to Okęcie 54 minutes after takeoff. Authorities said two of the jet's four engines had failed.

The plane cut a 200-yard-wide (180-meter-wide) swath through the dense woods before striking the ground and exploding, killing the 172 passengers and 11 crew members. Parts of the forest were set on fire.

"There was a tremendous explosion, then thick black smoke came up from the ground," said Czeslaw Buchalski, a witness. "You could feel the blast. It was a frightening thing."

Witnesses said one of the plane's engines was burning as the jet descended. They said the plane ap-

peared to swerve as the pilot, flying at very low altitude, avoided inhabited areas.

Officials said the jet had traveled 125 miles northwest from Warsaw before the pilot began his return.

The news agency PAP reported that besides the 17 passengers holding U.S. passports, 145 were Poles, including the crew, and 21 were Polish citizens permanently residing abroad. A U.S. Embassy official said most in the latter group probably were U.S. residents.

State television interrupted its programming to report on the accident, and news broadcasts Saturday night showed graphic film of the crash site, which was littered with charred, mutilated bodies.

See CRASH, Page 2

Adultery Emerges As Issue

U.S. Candidates Face Questions On Private Lives

Compiled by Our Staff From Dispatches
WASHINGTON — Gary Hart's departure from the U.S. presidential race because of reports of womanizing has made adultery an issue in the campaign, and candidates faced questions about their attitudes Sunday in televised interview programs.

The Miami Herald, meanwhile, reported that one of its photographers apparently had corroborated one part of Mr. Hart's version of events at his Washington townhouse on May 1 and 2. The report called into question a key portion of the newspaper's initial account. Senator Joseph R. Biden Jr., Democrat of Delaware, was asked on the ABC program "This Week with David Brinkley" if he would give a reply if asked if he had ever committed adultery.

Mr. Biden said he would answer, "It is none of your business." Senator Albert Gore Jr., Democrat of Tennessee, who has already declared for the 1988 race and appeared on the same program, said he agreed. Mr. Biden is expected to formally announce his candidacy soon.

Mr. Hart, a former Democratic senator from Colorado, abandoned the campaign Friday following reports that a woman spent the night in his Washington townhouse the previous weekend while his wife, Lee, was in Denver.

Mr. Biden asserted that the news media "got a little out of hand." But he added, "We the candidates cannot measure what is good taste and bad taste on your part."

Representative Richard A. Gephardt of Missouri, a Democratic candidate, was asked on NBC's "Meet the Press" whether he would

See POLITICS, Page 2

Genetic Substance Linked to AIDS Risk

By Lawrence K. Altman
New York Times Service

NEW YORK — British scientists have found the first evidence of individual genetic differences in susceptibility to infection with the virus that causes AIDS.

The researchers identified a form of an inherited protein that appears to reduce vulnerability to infection with the AIDS, or acquired-immune deficiency syndrome, virus and to slow the development of the disease among those who are infected.

Examining blood samples from homosexual men, some of them AIDS virus carriers and some not, the scientists also found that people with a different genetic variant of the same protein were highly susceptible to AIDS infection and disease.

The findings are the first clue to possible inherited differences in susceptibility to the AIDS virus infection. Dr. Anthony J. Fincham and his research team, said in a report in The Lancet, a medical journal published in London.

Experts in AIDS and in genetics called the report of immense potential significance for the understanding of how the AIDS virus attacks the body and how it might be countered.

Dr. Robert C. Gallo, a biologist at the National Cancer Institute and a pioneer in AIDS research, said he expected the findings to

open an important new avenue of research for studying the disease and possibly for developing better treatments for the fatal disorder, which cripples the immune system.

Dr. Stephen P. Deiger, a geneticist at the University of Texas Health Sciences Center in Houston, who is an expert on the protein, agreed with Dr. Gallo. Dr. Deiger predicted that the most important use of the finding would be to help explain the biological mechanisms by which the AIDS virus attacks the body.

The scientists found striking differences in susceptibility to AIDS according to the specific variants that individuals carry of a protein called Cc, for group-specific component. All people have the protein in their blood and on cell surfaces. But they inherit it in one of six combinations of three major genetic subtypes.

The finding is preliminary because it is based on the study of 375 people.

Dr. Fincham, who is attached to St. Mary's Hospital Medical School in London, said that further research was necessary to explore the role of the protein variants in protecting people from AIDS infection or disease, or in rendering them susceptible to the virus. He said he suspected that scientists would identify other genetic traits

See AIDS, Page 3

Kiosk Breakthrough On Electricity

NEW YORK (AP) — Researchers at IBM have found a way to make superconductors carry 100 times as much current as before, eliminating a major technical obstacle to widespread use of the new materials, it was disclosed Sunday.

The discovery demonstrates the possibility of using new superconducting materials for things such as improved computer chips and power transmission lines, IBM said. Superconductors lose all resistance to electricity below a certain temperature.

Special Today

Personal Investing takes a look at the volatile U.S. bond market, hectic days for gold traders, and hard times for banks and brokerages. Pages 7-11.



Prime Minister Margaret Thatcher met with advisers on when to call an election. Page 2.

SPORTS

The Atlanta Braves, on an eight-inning pop-up Sunday, swept a series with the New York Mets, 8-7. Page 17.

BUSINESS/FINANCE

The Soviet Union is buying its first shipment of U.S. wheat under a new program. Page 13.

8 IRA Dead Are Mourned By Marchers

Compiled by Our Staff From Dispatches
BELFAST — Several thousand supporters of the outlawed Irish Republican Army marched Sunday through Belfast to mourn eight guerrillas shot and killed in an ambush Friday night by British security forces.

The parade had been organized in memory of 10 IRA prisoners who died of self-imposed starvation in the Maze prison in 1979, but was overshadowed by the killing of the eight IRA guerrillas in a gun battle in Loughall, County Armagh, after they attacked a police station in the village.

Meanwhile, a senior member of the IRA told Reuters that the organization could try to assassinate British political leaders to avenge the deaths of the eight guerrillas. "People in Britain with explosives are ready to go into action," the IRA member said Saturday. "British leaders shouldn't sleep easy in their beds."

The IRA gunmen were killed in an ambush set by commandos from the Special Air Service regiment, which acted on information from an informant.

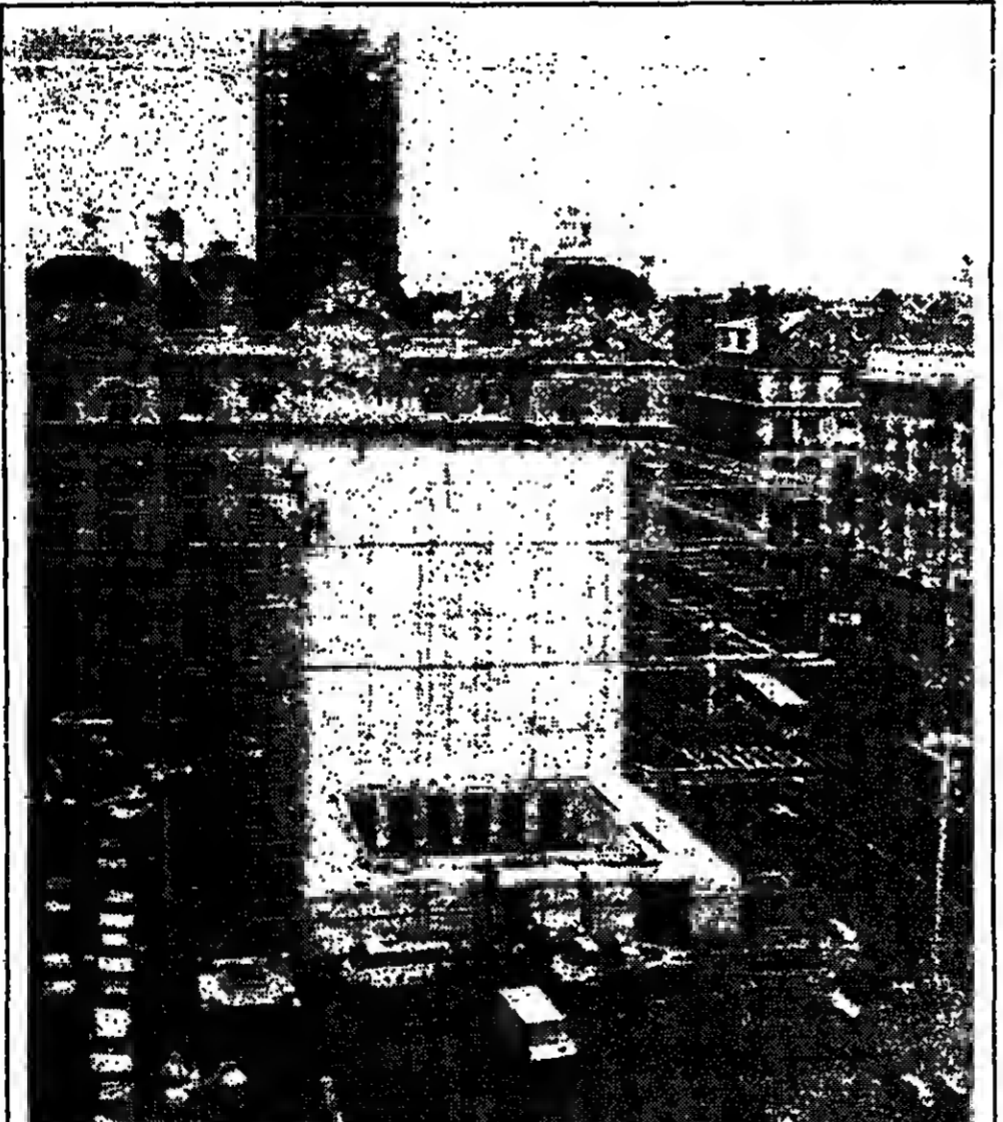
It was the worst single setback to the IRA in its campaign to remove the British from Northern Ireland. The police said a motorist also was killed and his passenger critically injured during the 10-minute battle. They said two policemen and a soldier were wounded.

The IRA gunmen rammed the gates at the Loughall police station, using a bulldozer with a bomb attached to the machine's scoop. The bomb leveled part of the station. A group of masked gunmen then jumped from a van to attack the station but were ambushed by the security forces.

Police sources said that undercover agents had been tracking local IRA guerrillas for six weeks and had followed them when they went to an abandoned farmhouse to pick up the bomb used in the attack.

After the attack began, two of the guerrillas were shot and killed in the van and the others were

See IRA, Page 2



The temporary Holocaust memorial outside the Lyon city hall on Sunday.

Barbie Trial's Emotional Eve Groups Honor Nazis' Victims, Countering Rightists

By Julian Nundy
International Herald Tribune

LYON — Two demonstrations honoring the victims of Nazism were held here Sunday on the eve of the trial of Klaus Barbie.

More than 40 lawyers representing 115 victims of World War II repression in the Lyon area traveled en masse to sites where Barbie is alleged to have committed atrocities. Barbie's trial on charges of crimes against humanity opens Monday.

About 200 Jews demonstrated at a makeshift memorial, modeled on Jerusalem's Yad Vashem memorial, that was set up opposite the city hall in memory of the Nazi extermination of Jews.

The two demonstrations, organized long in advance, came after a small group of young ultra-rightists protested the trial of Barbie, 73, a former Gestapo captain in Lyon.

On Saturday, at the end of a traditional annual march in memory of Jean Am, a group of black-shirted youths shouted slogans in support of Barbie, who faces a maximum life sentence for his part in the Nazi occupation.

While witnesses emphasized that the rightist marchers numbered only a few dozen, Georges Bastelica, the Lyon police chief, said he was con-

sidering asking for extra reinforcements from outside the city to ensure security.

"Two weeks ago, I was not worried," Mr. Bastelica said. "But now I am. I am afraid of extremism."

About 300 police officers had already been sent to Lyon to help maintain security. Of these, 20 will form Barbie's personal bodyguard during the trial, which is scheduled to last through June.

Because of his age, the Lyon courthouse has been equipped with a special area where Barbie can receive medical attention. Only a court doctor and his lawyer will have access to him there.

At the trial, Jacques Vergès, the defense lawyer, has threatened to confront the French with their record of collaboration with the Nazis, turning the trial into a traumatic experience for the whole nation.

All last week, the French press was filled with witnesses' accounts of wartime confrontations with Barbie. Mr. Vergès has described the media attention as an atmosphere of "lynching."

On Wednesday, the state prosecutor in the trial, Pierre Truche, appealed for calm and issued a reminder that the accused, who was sentenced to

See BARBIE, Page 5

Divisive Question of U.S. Trade Deficit Confronts Nations at OECD Meeting

By Carl Gewirtz
International Herald Tribune

PARIS — The specter of the enormous U.S. trade deficit will dominate the meeting in Paris this week of senior government officials of the 24 leading industrialized countries grouped in the Organization for Economic Cooperation and Development.

One way or another, they realize, U.S. will press to reform price supports in world agriculture at OECD meeting. Page 13.

The U.S. trade deficit now running at \$170 billion a year will be cut to a more manageable level. The only question is how. Through a global adjustment of economic policies in which all major countries participate, or in a brawl among them that will probably wreck the postwar environment of multilateral cooperation?

That, in brief, is the issue that policy makers must resolve in their series of spring meetings that will culminate early next month in Venice, at the annual economic summit of the heads of state of the world's seven leading industrialized nations.

In preparation for that encounter, officials will attend the OECD ministerial meeting here.

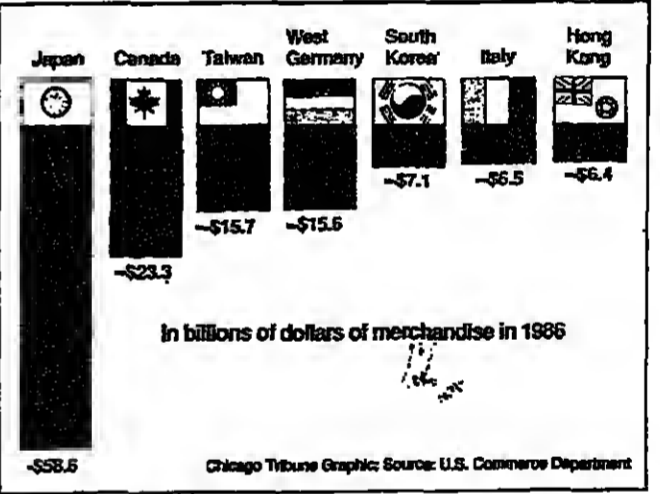
The organization's secretariat has already prepared bad news for them. Although confined to a diplomatic phrasing, required of all international bodies, the OECD secretariat paints a gloomy picture of "unsatisfactory" economic growth over the coming 18 months.

The report for ministers states frankly that "there is a risk — which should not be underestimated — that if stronger growth appears elusive, all that has been done" over the past few years to reduce inflation and set the stage for a healthier growth environment "might well be jeopardized."

Were that to happen, the report warns, "it would become inevitable that within countries and between countries frictions, misunderstandings and tensions would multiply."

What that means is a disintegration of the postwar system of international cooperation into competing power blocs, each fighting for export markets and struggling to maintain living standards that had come to be taken for granted.

This is an abyss that the industrial powers have already faced once. It was just about 20 years ago, in the midst of the Vietnam conflict, that a war-weary, inflation-prone, deficit-ridden United States began to dispute with its partners in Western Europe and Japan the rights and obligations of each in maintaining the international monetary system.



The United States' largest deficits with its trading partners.

Then, as now, the fundamental issue was how to distribute the burden of adjustment. The United States, running an international deficit it could not finance, was clearly living and spending beyond its means and needed to retrench. But the surplus countries, to a large degree, had grown rich selling into that spending spree and also needed to adjust to their new wealth.

The policy responses were slow in coming and when they did were too little and too late to save the postwar system of fixed but adjustable exchange rates.

Instead of grappling with the basic issue of burden-sharing, politicians decided it was easier to change the system. And so, in 1973, the world moved to a system of floating exchange rates whereby market forces would devalue the currency of countries in deficit and revalue those in surplus countries, automatically restoring balance.

That worked, more or less, for a while. But liberalization of financial markets coupled with a technological revolution that fostered an internationalization of capital flows encouraged "overshooting" of exchange rates.

This has turned the exchange See OECD, Page 15

Pinochet Pays No Heed To Call for Free Election

By Juan de Onis
International Herald Tribune

SANTIAGO — One month after Pope John Paul II's plea for political reconciliation in Chile, President Augusto Pinochet is stepping up his campaign for unopposed reelection to an eight-year term.

The military regime has given no sign of making any concessions to the almost unanimous demand of political parties for a free presidential election next year in which there would be more than one candidate.

General Pinochet and his supporters plan a plebiscite to elect an unopposed official nominee in 1989 as part of a "transition to democracy."

The pope, who called General Pinochet's regime a "dictatorship in transition," instructed the Roman Catholic Church in Chile during his visit in April to support the

See PINOCHET, Page 2

WORLD BRIEFS

Bonn to Begin Census With Boycott Expected By at Least 2 Million

By Robert J. McCarmey
Washington Post Services
BONN — Nobody knows how many people live in West Germany, and the national census that begins this week may not answer the question.

He said that according to opinion surveys, many West Germans were under the mistaken impression that the census-takers would ask them how much money they earned.



South Korean Catholics Demonstrate

Anti-government demonstrators, prevented by police from marching in Seoul, burned their placards Sunday outside Myongdong Cathedral. They had attended a memorial service there earlier for slum dwellers who are believed to have killed themselves after the government demolished their shanties.

Iran Rejects Shultz's Call For Pullout, Warns U.S.

The Associated Press
NICOSIA — The Iranian Foreign Ministry warned the United States on Sunday that it would suffer "irreparable defeats" if it made any hostile moves against Iran.

Shamir Envoy Carries Appeal to U.S.

TEL AVIV (UPI) — A special emissary for Prime Minister Yitzhak Shamir left Sunday for Washington to attempt to win U.S. backing for a Middle East peace plan to counter Foreign Minister Shimon Peres's proposals for an international conference.

Guatemala Rights Inquiry Is Urged

LONDON (AP) — The civilian government of Guatemala should investigate tens of thousands of human rights abuses committed under former military rulers, Amnesty International said in a report to be released Monday.

Terrorist Plot to Kill Chirac Reported

PARIS (AP) — A three-man commando team trained in the Bekaa Valley of Lebanon planned to assassinate Prime Minister Jacques Chirac of France on March 25, but called off the attack for unknown reasons, Le Journal du Dimanche reported Sunday.

For the Record

A record 95.9 percent of eligible Maltese voters went to the polls in an election that was expected to bring the pro-Western Nationalists back to power after 16 years of socialist rule, officials said Sunday.

Beirut Airport Reopens After 3 Months

BEIRUT (UPI) — Beirut's International Airport was reopened Sunday with the landing of an empty passenger jet from Middle East Airlines, the Lebanese national carrier. The airport has been closed since Feb. 1 because of civil strife.

CONTRA: McFarlane to Testify

Congressional investigators have questioned him about that several times in recent weeks. Several members of Congress have said Mr. McFarlane deliberately misled them in 1985.

Thatcher Consults Aides as Signs Point to Election

LONDON — Prime Minister Margaret Thatcher held final consultations with senior ministers Sunday as Britain awaited her decision on whether to call a general election for June.

comfortable lead over the opposition in public opinion polls, Mrs. Thatcher would be starting as a favorite as she seeks to extend her mandate by five years.

market forces and diminish the role for the state. If she wins, her government is likely to accelerate its program of denationalizing government-owned companies and restricting the power of labor unions.

the 391 seats that the Conservatives now hold in the 650-member House of Commons. Her campaign would be likely to benefit from the publication Thursday of employment figures, which are expected to show that the number of jobless has fallen further toward the three million mark.

IRA: March in Belfast

(Continued from Page 1) killed in a gun battle in the street. The ambush was the most violent single incident in Northern Ireland since a IRA mortar attack on the police station at Newry in February 1985 killed nine policemen.



The Loughgall police station after IRA men rammed it with a bulldozer carrying explosives.

PINOCHET: Firm on Plebiscite

(Continued from Page 1) investigators have not identified who was responsible. The Reagan administration is also applying pressure for a return to democracy.

POLITICS: Adultery Emerges as Issue as Candidates Face Personal Queries

(Continued from Page 1) answer if asked if he had ever committed adultery. "I'm going to deal with it," he said.

their public service on that issue alone. Representative Robert G. Torricelli, Democrat of New Jersey, said that congressmen were even beginning to scrutinize their professional relationships with women.

Smith, had seen people outside the townhouse Saturday afternoon but concluded it was a "false alarm" because he did not spot a woman with blond hair. Ms. Rice has blond hair.

other Herald staffers that it had been a false alarm. But when he developed his film, Mr. Smith noticed for the first time that there were two maroon vehicles involved and realized he had followed the wrong one. (AP, UPI)

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Mr. Broadhurst said he drove to Mr. Hart's house and double-parked shortly after noon to begin the afternoon drive.

Mr. Smith, who said that his view was partially blocked, recalled seeing two men and one woman near the double-parked car, but no woman with blond hair, the Herald reported.

LOT's general director, Jerzy Slowinski, said the plane's captain, Zygmunt Pawlacyk, made the decision to return to Warsaw rather than head for closer airports, at Gdansk and Grudziadz. Mr.

CRASH: Flight Recorder Found in Polish Jet Disaster

(Continued from Page 1) smoldering shards of metal and bits of clothing. A view from a helicopter showed a broad scar in the dense, tall woods of firs and birches, and no surviving trace of the plane beyond relatively small fragments.

CONTRA: McFarlane to Testify

Congressional investigators have questioned him about that several times in recent weeks. Several members of Congress have said Mr. McFarlane deliberately misled them in 1985.

Joyciolis

Changes in Hanoi Bring New ASEAN Action on Cambodia

By Michael Richardson
International Herald Tribune

SINGAPORE — The sweeping leadership changes and emphasis on the need for economic recovery in Vietnam have prompted non-Communist countries in Southeast Asia to revive attempts to bring about a negotiated withdrawal of Vietnamese troops from Cambodia.

Foreign Minister Siddhi Savetala of Thailand arrived Sunday in Moscow for the first of a series of talks over the next few months involving members of the Association of Southeast Asian Nations, the Soviet Union, the United States, Vietnam, and possibly China and the warring factions in Cambodia.

ASEAN comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Ngyuen Van Linh, leader of the Vietnamese Communist Party, is to visit Moscow later this month. Tass has announced.

Mr. Linh, a prominent advocate of economic reform, was appointed party leader in December. Indonesian analysts say he appears to have consolidated his base of support in the party and government since then.

He was quoted by Hanoi Radio on Thursday as saying that his predecessors had left the country "foundering without an economic and social strategy."

Foreign Minister Mochtar Kusumaatmaja of Indonesia said recently that Vietnam had brought in younger leaders who wanted to fo-

cus on their country's severe economic problems.

The new leaders appeared more amenable, he added, to a political solution of the conflict in Cambodia, which has been occupied by Vietnamese forces since 1973.

Foreign Minister Suppiah Dhanabalan of Singapore said last week that diplomatic contacts initiated by ASEAN would reveal whether Vietnam's leaders were ready for a negotiated peace in Cambodia.

Vietnam has been politically and economically isolated by most Western countries since it invaded Cambodia in 1978 and installed the government there in January 1979.

Mr. Dhanabalan said if Vietnam wanted economic reconstruction, it "must settle the Cambodian problem to get cooperation from the non-Communist world."

Western diplomats and other analysts in Southeast Asia said they had seen no indication so far that Hanoi had softened its determination to keep its forces in Cambodia at least until 1990.

Michael Leifer, a specialist in international relations at National University of Singapore, said there was "no sign that the new consensus on economic policy is being matched by a revised consensus on foreign policy, particularly over Cambodia."

He said Vietnamese leaders "will seem to be holding to the position that it is absolutely essential for them to have both Cambodia and Laos in a very close political relationship."

Indonesia is ASEAN's main point of contact with Vietnam on the Cambodian issue, and Mr. Mochtar, Indonesia's foreign minister, has said he plans to visit Hanoi next month.

Mr. Mochtar said Friday that Mr. Siddhi, the Thai foreign minister, would inform Soviet leaders this week that Indonesia was ready to host an informal meeting of the Cambodian factions on national reconciliation.

He said this meeting could be followed by talks in Jakarta with Vietnamese participation. This was among a number of suggestions from ASEAN that Mr. Siddhi was expected to discuss in Moscow.

U.S. officials and Western analysts said that on a tour of Indonesia, Australia and Indochina in March, Edward A. Shevardnadze, the Soviet foreign minister, made it clear that Moscow was not prepared to use its political influence and extensive aid to Vietnam as leverage on Hanoi to resolve the Cambodian problem.

However, Mr. Mochtar suggested that the Soviet Union was interested in progress toward a Cambodian solution because it would improve Moscow's relations with China and ASEAN countries.

Japanese Question The Expulsion of Reporter by China

Washington Post Service

BEIJING — Japanese diplomats are said to be shocked and frustrated over the decision to expel a Japanese reporter from China without providing clarification or incriminating evidence against him.

The Chinese security police told Shuichi Henmi, 42, a reporter for Japan's Kyodo news agency, on Friday that he had violated Chinese laws by obtaining "national intelligence" information through illegal means. He was given 10 days to leave China.

An official at the Japanese Embassy said he had been unable to obtain any clarification of how Mr. Henmi was supposed to have violated the law.

The official said he was "shocked and saddened" by Mr. Henmi's expulsion. He said the Japanese ambassador, Yosuke Nakae, was "frustrated" over the embassy's inability to obtain a clarification of the Chinese action.

AIDS: U.K. Researchers Link Inherited Substance to Risk of Virus Infection

(Continued from Page 1)

that influenced individual susceptibility to AIDS.

The usefulness for individuals or their doctors of testing for the protein variant is unclear. Evidence indicates that even those with the variants of Gc seen as most protective are not entirely safe from AIDS infection or disease, the British scientists said. And they said they do not know the implications for individuals of the several different genetic combinations of the protein that are possible.

Genetic differences in susceptibility to infectious diseases are a well-known biological phenomenon, and scientists are accumulating a growing body of evidence that genes play crucial roles in the way humans react to infectious agents and other environmental factors.

Such genetic influences can be very specific. For example, people who lack a particular blood group factor resist infection from just one of the four types of human malaria.

Before the British report, some experts had said it would not be surprising to detect such a genetic link in AIDS. Indeed, certain types of a genetic factor called HLA have been linked to the progression from mild to severe AIDS. But the link was much weaker, according to statistical analyses, than those the British scientists now report with the variants of Gc.

The AIDS virus spreads from person to person through sexual intercourse or exchanges of blood.

One of the mysteries of the epidemic has been why some people appear to become infected more readily than others on exposure to the virus, and why the virus lies quiescent for many years in the bodies of some people while it quickly causes disease and death in others.

The AIDS virus invades certain body cells, mainly of the immune and neurological systems. Researchers hope that further research on the variations in the Gc protein will help them understand how and why the virus penetrates such cells in some individuals but not in others.

When researchers first discovered Gc about 30 years ago, they believed it was yet another of the many blood group types. But over the years scientists learned that Gc is bound to vitamin D, and it has thus also come to be known as vitamin D binding factor. Dr. Fischinger's team said the role of vitamin D in AIDS is unknown.

There are several inherited subtypes of Gc and the British researchers studied the three major ones: Gc 1 fast (Gc 1f), Gc 1 slow (Gc 1s) and Gc 2. All are produced by a gene on chromosome 4. Individuals carry a combination of two subtypes based on what they inherit from their parents.

According to the study, people

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SAL, HOW MANY POINTS FOR THE COACHES' WIFE?

Obafemi Awolowo, Nigerian Politician, Dies at 78

The Associated Press

LAGOS — Obafemi Awolowo, 78, one of the most influential Nigerian nationalists before independence, died Saturday in his hometown, Ikenne, in Ogun state.

Mr. Awolowo, a lawyer, publisher and politician who became leader of the Yoruba, one of Nigeria's three main ethnic groups, was premier of the self-governing Western Region from 1954 until independence from Britain in 1960.

He played a major role in the constitutional conferences in London and Lagos that paved the way for independence.

Mr. Awolowo led the opposition in Nigeria's first parliament. In 1979 and 1983 he ran for president, losing both times to Shuguu Shagari. When Mr. Shagari was overthrown by a military coup on Dec. 31, 1983, Mr. Awolowo returned to private life.

Other deaths:

Sadamichi Hirasawa, 95, believed to have been the world's longest resident of death row, Sunday.

AMERICAN TOPICS



Passengers in a dirigible flying over the San Francisco Bay area. The blimp, owned by a British company in Oakland, California, makes several one-hour excursion flights daily.

TV Ministry Scandals Lampooned in South

All across the Bible Belt of the U.S. South these days, country music radio stations are lampooning the current troubles of television evangelists. The New York Times reports. On many stations the most requested song is "Would Jesus Wear a Rolex on His Television Show?"

"Would Jesus be political if He came back to earth?" goes the song by Ray Stevens. "Have His second home in Palm Springs and try to hide his worth?"

On radio talk shows, in small-town taverns and in roadside truck stops, the recent tales of sexual adventure, big salaries and profligate spending of fundamentalists on television have provoked a derisive reaction that has upset the evangelists.

The Reverend Jerry Falwell, the Virginia evangelist who has taken over the scandal-ridden PTL, or Praise the Lord, television ministry, said that "national credibility for the cause of Christ is at an all-time low."

He added that "out there in the general public there's the inability to write that check because a lot of faith has been shattered."

Notes About People

Nancy Reagan has been meticulously keeping a diary throughout her six years at the White House, according to U.S. News & World Report magazine. The magazine says she regrets not having followed her father's advice to keep a diary while her husband was governor of California, from 1967 to 1974.

Senator Claiborne Pell marched unannounced in a Washington demonstration by 75,000 protesters against U.S. policy in Central America and South Africa. Mr. Pell, Democrat of Rhode Island, did not walk in front with the march leaders and was recognized by few people. He said he marched as a personal gesture, adding, "I don't know if I did any good, but I know I caught a cold."

—ARTHUR HIGBEE

Short Takes

Dirigible flights for fare-paying passengers are being offered by a British company, Airship Industries, in Oakland, California. They are the first such flights in the United States since the Hindenburg, a German zeppelin, exploded on May 6, 1937, on landing in Lakehurst, New Jersey. Thirty-six persons were killed in the accident. Only excursions are available, at a cost

Weinberger Proposes SDI Tests That Would Violate ABM Pact

By Michael R. Gordon
New York Times Service

WASHINGTON — Defense Secretary Caspar W. Weinberger has sent President Ronald Reagan a report proposing four new tests that would violate the traditional interpretation of the 1972 anti-ballistic missile treaty, according to administration officials.

Building its case against the traditional and more restrictive view of the treaty, the Defense Department says in the report that the United States could save \$3 billion by carrying out the four tests instead of holding to the current schedule of tests that seem to be clearly permitted in the treaty with the Soviet Union.

The report, which was not made public, also argues that information derived from the new tests would give policy makers more confidence in making decisions about whether to build anti-missile defenses. The report says the tests would cut by two years the time needed to develop Mr. Reagan's Strategic Defense Initiative, officials said Saturday.

The Pentagon study urges that the Reagan administration adopt a plan to accelerate deployment of the space-based missile system. An official who supports the defense initiative said the tests would allow the United States to begin deploying the system, also known as "star wars," in 1995 or 1996.

The president requested the Defense Department report on new tests that could be carried out, and new legal studies by the State Department, in February. He hoped the reports would help him decide whether the United States should stop observing the traditional interpretation of the ABM treaty and formally adopt a new, broader view. The broader interpretation of the treaty would permit expansion of the Strategic Defense Initiative to include new space-based tests.

Mr. Weinberger and other civilian Pentagon officials have been critical of the constraints imposed by the ABM treaty. The Pentagon report was expected to argue that there are benefits in abandoning the traditional interpretation.

Some administration specialists disputed the Pentagon report and said its conclusions were not strongly supported by the analysis. They asserted that the traditional interpretation provided sufficient leeway for development of the space-based system. They also questioned whether some of the new tests proposed by the Pentagon would be allowed even under the broader interpretation.

The Pentagon study identifies four new tests, according to officials who have reviewed the study. One of these is called THOR, which stands for Tiered Hierarchy Overlaid Research. THOR would be a series of experiments testing U.S. capability to intercept missiles and dummy warheads during the main stages of flight. Interceptions would be carried out using rockets that destroy their targets with the force of impact, rather than in an explosion. One administration official, who supports the defense initiative, said that the first of the experiments could take place as soon as next year.

In the second test proposed in the report, a submarine would fire a target missile carrying dummy warheads and possibly decoys. This experiment would test the use of space-based sensors and intercept rockets. An official said that such a test could take place in 1989.

A third test is the Laser Integrated Space Experiment. In it, a space-based chemical laser would be tested in 1990, an official said.

In the fourth test, the sensor integrated discrimination experiment, a rocket would be fired from Vandenberg Air Force Base in California. A variety of space-based and other sensors would study whether warheads carried by this missile could be distinguished from decoys. Such a test could take place in 1990.

Administration officials said the Pentagon report suggested that if the United States does not adopt the broad interpretation of the ABM treaty it would ultimately be forced to withdraw from the agreement to conduct its testing and development program.

The Senate Armed Services Committee voted on Tuesday to accept an amendment to a military spending bill that would block the administration from carrying out tests that violate the traditional, restrictive interpretation of the treaty.

Alfonsín Seeks to Limit Trials

Urgency Grows as Military Tension Persists on Rights Cases

By Shirley Christian
New York Times Service

BUENOS AIRES — There is a growing sense of urgency in the government to find a legal mechanism to reduce the number of Argentine military officers facing trial on charges of human rights violations, according to officials and others concerned with the issue.

They said in recent interviews and public statements that internal tension remains in the army after a series of rebellions by mid-level officers last month.

The rebellions, which were quieted only after the personal intervention of President Raul Alfonsín, were a response to efforts to prosecute officers for human rights violations committed a decade ago, when a military junta was conducting a war on subversion.

The expectation is that the government will ask Congress to approve an amnesty for the officers or a law restricting the trials, or that Mr. Alfonsín will use his power to grant pardons after obtaining bipartisan support.

Mr. Alfonsín held a series of meetings with ministers and legislators last week. Officials close to him said that a decision on which path to take was likely to be made early this week.

Analysts said that the political cost of any of those options might be high. They said that legislators want the president, who is highly popular, to bear most of the onus.

A significant faction of the opposition Peronist Party has already stated that it will not vote in Congress for anything resembling an amnesty.

Earlier this month, the Supreme Court ruled out an active role for itself in finding the solution. The court was seeking to quiet speculation that it would establish a legal precedent by removing many officers from the threat of prosecution on the assumption that they were following orders.

In a news release, the court said that any ruling it might issue would apply only to a specific abuse, and could not serve as a precedent.

In a brief filed Thursday in a case that is on appeal, Attorney General Juan Octavio asked the court to exonerate those who did not have "effective command and decision-making capacity."

But court officials said that the ruling on that case would not come for several months and would apply only to two policemen and a former police doctor.

The majority leader in Parliament, Cesar Jaroslavsky, said that Mr. Octavio's brief might serve as legal guidance for a legislative or presidential act, however.

Sources close to the military said that the issue of trials must be quickly resolved if the army's new leadership is to re-establish its command structure.

That chain of command was destroyed, they said, when the previous army leaders sought to put down the rebellions and encountered widespread disobedience by subordinate officers.

A retired army officer said that the army had "not recomposed itself" since the rebellions, which broke out April 16 and continued for six days.

He said that the new army chief of staff, General José Dante Caridi, "has to face reality and talk to the officers and tell them what Alfonsín and Argentina are offering the military."

The retired officer added that General Caridi would "have to go" if he could not solve the problem of trials to the satisfaction of most of the military.

He said that the "key date" by which Mr. Caridi had to show "he has some cards to play" is Army Day, May 29, when the army chief traditionally makes a speech.

Mr. Alfonsín has said since he ran for president in 1983 that there were varying "levels of responsibility" for the human rights abuses, which caused the deaths of 9,000 people and included the torturing of thousands of others.

After taking office, the president supported trials for those who commanded the armed forces during the era of abuses, which ran from 1976 to 1983. Five of the nine former military commanders were convicted and are serving sentences ranging up to life in prison.

The filing of charges against other military officers has proceeded more slowly. Each charge has depended on the speed with which the prosecutors could gather evidence and have the cases accepted in courts around the country.

Last year, the government prosecutor asked the courts that were hearing cases against other officers and policemen to take into account whether they complied strictly with orders, whether they gave orders or whether they exceeded orders. But the courts were under an obligation to follow those guidelines.

In December, after the president voiced concern that the trials were dragging on and creating tension in the armed forces, Congress approved a law setting a Feb. 22, 1987, deadline for the filing of charges in human rights cases.

But the law prompted a flurry of filings. The result is that as many as 450 men, mostly current or former military officers, are named in various investigations still continuing in the courts.



Supporters of Corazon C. Aquino at the final Manila campaign rally of the Laban grouping.

A Test for Aquino in Legislative Vote

By Seth Mydans
New York Times Service

MANILA — Filipinos go to the polls Monday for legislative elections that will restore a complete government structure in the Philippines.

The two-month campaign closed over the weekend with a rally by supporters of President Corazon C. Aquino and a burst of television advertising by some of the nearly 2,000 candidates running for 224 legislative seats.

The legislature will replace the Parliament that was created by former President Ferdinand E. Marcos and abolished by Mrs. Aquino more than a year ago.

Traditional politics have reasserted themselves in the campaign, which has been a contest of personalities rather than issues.

There also were reports of violence and dirty tricks.

Mrs. Aquino's candidates are expected to win most of the seats. But a host of variables makes the margin of victory difficult to predict.

The president has urged voters to select her 24 candidates for the Senate. Her team has one main plank in its platform: They are "Cory's candidates."

For the first time since Mrs. Aquino came to office in a military-civilian revolt in February 1986, her government does not seem to be in danger of being overthrown.

This could be a disadvantage, analysts say, because she and her candidates have lost the main issue that helped her to win a wide mandate in the constitutional plebiscite in February.

Mrs. Aquino's opponents, led by her main challenger, former Defense Minister Juan Ponce Enrile, are campaigning to become a part of her government, not to bring it down as they had in February.

The proliferation of candidates, a sign of the democracy Mrs. Aquino has fostered, also works to her disadvantage.

The Senate will be elected by a nationwide constituency, and long delays are expected in the balloting.

There are about 26 million registered voters. Tabulations at the country's 86,505 polling places are expected to take days or even weeks.

The race for the 250-seat lower house, 200 of whose members will be chosen, is even more complicated.

In some places, five to 15 or more people are contesting seats, fragmenting the votes unpredictably.

Mrs. Aquino's Laban grouping faces its main challenge from the Grand Alliance for Democracy, a loose grouping of opponents and

outcasts of her government. Mr. Marcos's New Society Movement is also fielding a slate of candidates.

Kidnapping Victim Freed

Kidnappers released on Sunday one of two Red Cross workers they have held in the southern Philippines since Tuesday. Reuters reported from Manila, quoting a military official.

Colonel Raul Aquino said that Alex Braunwalder, 30, had been released unharmed but that Jacky Sudan, 35, was still being held in Butig, in Lanao del Sur Province.

No ransom was paid, he added. The kidnappers had originally demanded \$25,000. The kidnappers gave no reason for continuing to hold Mr. Braunwalder. Both men are Swiss.

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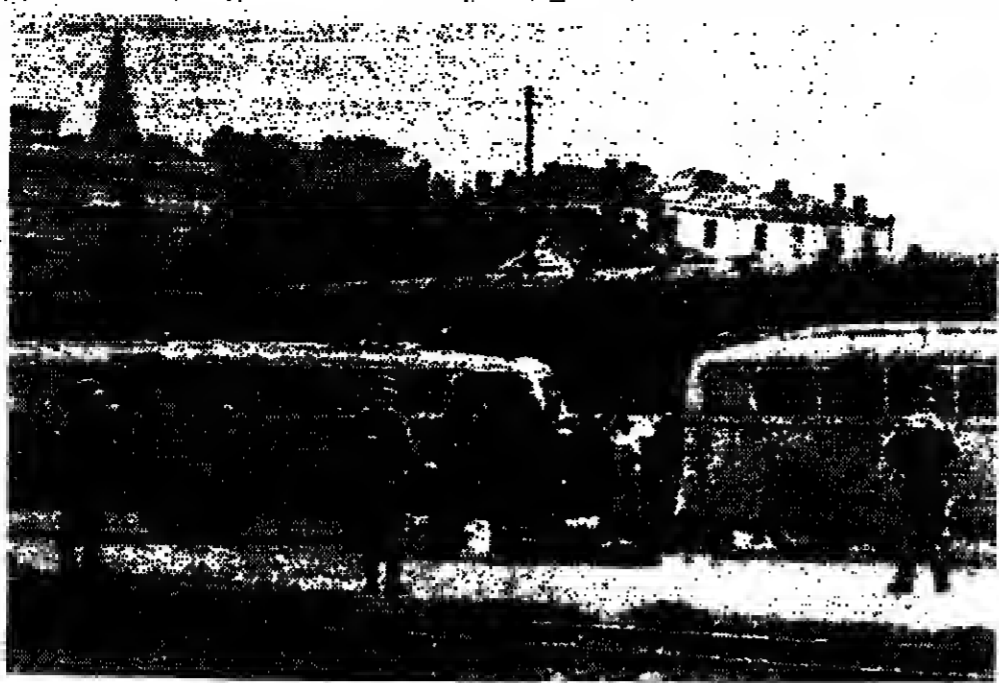
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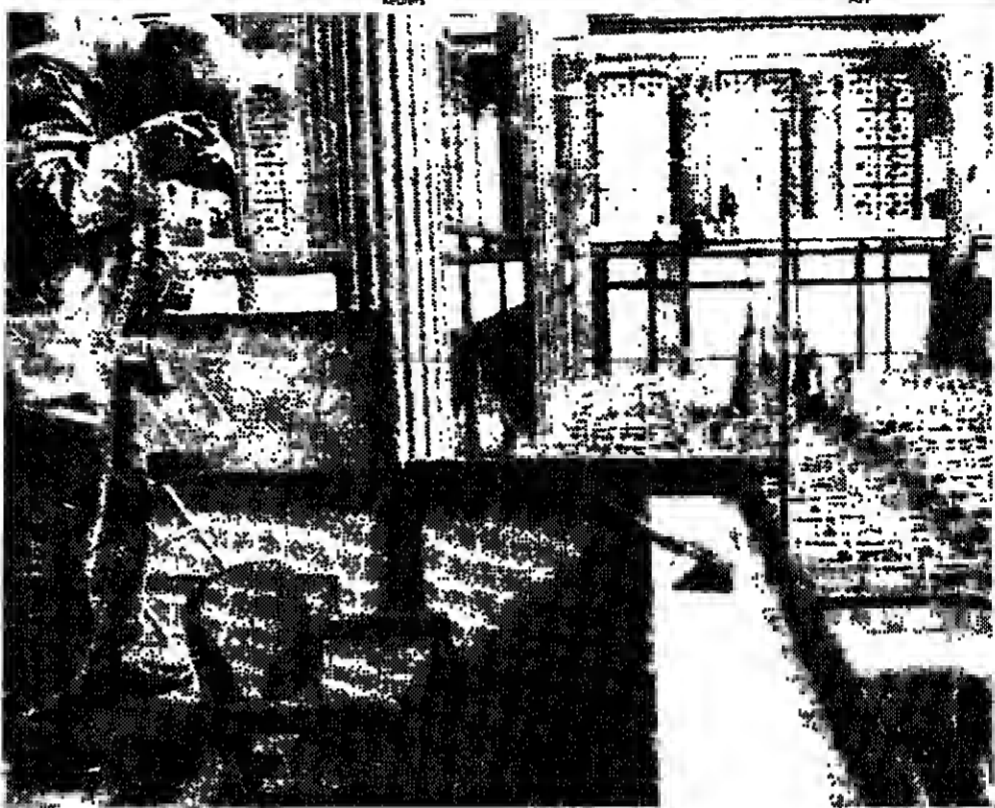
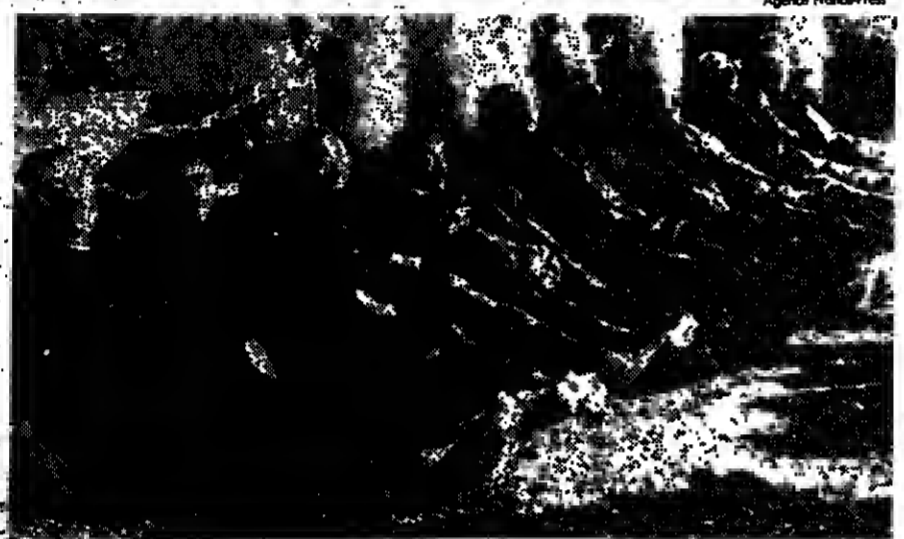
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An Unhappy Past Is on Trial As France Accuses Barbie



Scenes from the war days: Top, German soldiers watched prisoners being transferred to a train in Lyon. Middle, children from an orphanage in Izieu, France, before being deported to Auschwitz. Most were Jews. Bottom, some of the 22 Frenchmen who were executed by the Germans near Lyon on June 13, 1944.



Preparing for Trial: Top, Barbie's lawyer, Jacques Vergès, left; Presiding Judge André Cerdini, middle, and Fortunée Benguigui, a prosecution witness, with photo of her sons killed in Auschwitz. A concentration camp tattoo is on her forearm. At left, a photographer in the Lyon courtroom takes a picture of the seat where Barbie will sit, protected by a glass screen.

U.S. Role in 1947-51: Helping Nazi Flee

Barbie's 'Handlers' Recall Their Ward

This excerpt from *The New York Times Magazine* covers one of the least understood elements in the case of Klaus Barbie, the accused Nazi "Butcher of Lyon," the period when he worked as an agent for the U.S. Counter Intelligence Corps, from 1947 to 1951.

By Ted Morgan
New York Times Service

The trial of Klaus Barbie opens Monday in the French city of Lyon, and when it does, it will take an act of will to reconcile the frail 73-year-old man in the dock, whom one might imagine stooped over a flower bed in the garden of his retirement home, with the crimes he is accused of committing.

What, this kindly looking and rheumy-eyed old widower, whose voice can barely rise above a whisper, was the SS captain in Lyon who signed the order sending Jewish children to their deaths at Auschwitz? This senior citizen personally tortured men and women, was responsible for sending thousands of Jews and members of the French Resistance to concentration camps, and earned the sobriquet "Butcher of Lyon?"

It is because it does not seem possible that this trial is so important. France is placing itself on trial and facing for the first time the truth that not only did the collaborators far outnumber the Resistance fighters, and not only did the collaborators fully accept the idea of the "final solution," but that within the ranks of the Resistance, there were traitors who sold out their colleagues.

Since Barbie was extradited to France from Bolivia four years ago, his trial has been delayed numerous times, prompting charges that prominent Frenchmen in business and govern-

ment are afraid of what may be revealed about their collaborationist pasts.

But a key element in the Barbie case — though one that will scarcely surface during the trial — is the American involvement with Barbie at the close of the war, itself the principal reason it has taken almost 44 years to bring the "Butcher of Lyon" to justice. For Barbie was recruited as an agent by the U.S. Army Counter Intelligence Corps in 1947, and worked for it until 1951, when Americans arranged his escape to Bolivia.

Barbie's 1947 recruitment by the corps was first formally disclosed in 1983, in a Department of Justice report by Allan A. Ryan Jr. entitled "Klaus Barbie and the United States Government."

What did not come out in that report, though their names were included, were the personal recollections of the young soldiers who had been Barbie's "handlers."

Robert S. Taylor, who had been part of a Counter Intelligence Corps team searching for Gestapo records in county seats and was working as operations officer in Memmingen, near Munich, was to be the first of Barbie's American handlers. The 68-year-old former dean of information studies at Syracuse University in New York recalls the day in March 1946 that events were set in motion.

A man named Kurt Merk, who had been a lieutenant in the Abwehr, the German military intelligence, came to his office to volunteer his services. Native intelligence talent was in short supply, and Merk was an avowed anti-Communist who, later on, often told Taylor that the Americans and the Germans should have teamed up and finished off the Russians.

On April 10, 1947, Merk told Taylor that he

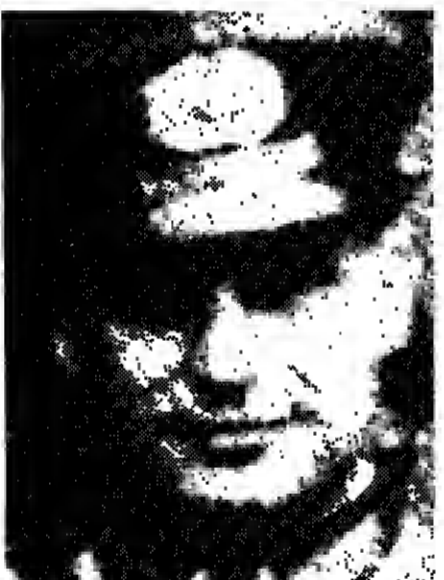


Photo at left is believed to show Barbie during the war; at right, Barbie recently.



had met an old friend from wartime service in France, a man named Klaus Barbie who was available for intelligence assignments. Taylor recognized the name, which was on two Allied lists of wanted war criminals, as a target of a recent "swoop" operation against an SS underground group; Barbie was the only former SS officer who had escaped arrest.

On April 14, Taylor informed the commander of his CIC region in Munich, Lieutenant Colonel Dale Garvey, of Barbie's availability, and they agreed that he would be a valuable asset, in spite of his "wanted" status. On April 18, Taylor met Barbie at Merk's apartment in Memmingen.

Taylor recalls that he was left with a favorable impression of Barbie, who presented a sanitized version of himself, omitting mention of his actions in Lyon. On May 27, Taylor sent the following report to CIC headquarters in Frankfurt: "Barbie impressed this agent as an honest man, both intellectually and personally, absolutely without nerves or fear. He is strongly anti-Communist and a Nazi idealist who be-

lieves that he and his beliefs were betrayed by the Nazis in power."

Major Earl S. Browning Jr., who was operations officer for the CIC headquarters in Germany, located in Frankfurt, recalls the shock he felt at learning that Barbie had been recruited as an agent.

Sitting in the book-lined basement recreation room of his home in Fairfax, Virginia, Browning, now 69, recalled the day in October 1947 that his assistant, James H. Ratliff, had burst into his office and said: "Garvey's double-crossed us. After having us chase after Barbie, he is sitting in Munich using him as an agent."

On Oct. 29, Browning directed the Munich region of the CIC to arrest Barbie and send him to Oberursel, near Frankfurt, for "detailed interrogation."

The Munich region complied with Browning's orders in mid-December. Barbie was arrested and questioned until the following May. Elusive as ever, Barbie sidestepped all damaging admissions, telling only what was already

known — that he had been a member of the SS.

Significantly, the subsequent report included the first appearance of the "he-knows-too-much" argument that would loom ever larger in the Barbie case: "Because of Barbie's activities with Region IV CIC during 1947, it is not deemed advisable to intern him for his affiliation with the Waffen SS," it stated. "His knowledge as to the mission of CIC, its agents, subagents, funds, etc., is too great."

Barbie returned to his intelligence activities in Memmingen. In June, he found he had been assigned to a new handler, Erhard Dabringhaus, a German-born American soldier. Barbie benefited from the fact that his CIC handlers kept changing while he remained in place, so that, in some cases, he came to know more about the CIC's espionage operations than they did.

Sitting by the side of his pool in Sarasota, Florida, Dabringhaus, a 70-year-old retired college professor, remembered that Barbie kept pressing him for American dollars to cover travel expenses. As time went on, the situation between Barbie and Merk seemed to deteriorate over the allotment of funds; Barbie was getting cash, while Merk was being paid in cigarettes and coffee. "If the Americans found out what Barbie did in France," Dabringhaus remembers Merk telling him, "the atrocities he committed — not even your General Eisenhower could protect him."

"What was he doing?" Dabringhaus asked. "He was the head of an *Einsatzkommando* with 120 men," Merk said. "I once visited him in Montluc prison in Lyon, and in the basement he had some French Resistance fighters hanging by their thumbs, day after day, until they died."

Dabringhaus reported what Merk had told him to his superiors in Munich. No trace of his report has survived, but he says he was told: "Don't get excited. We'll turn him over when he's no longer useful."

In October, Dabringhaus was reassigned after serving as handler for only four months. In Frankfurt, Major Browning, the operations officer, was still urging the Munich region to drop both Barbie and Merk. In April 1949, after three years as an agent, Merk was dropped, but Barbie was allowed to stay on, focusing on Communist Party activities.

Barbie's handler now was Eugene Kolb, who had interrogated German prisoners of war as a CIC officer during the Battle of the Bulge. Kolb found Barbie shrewd and competent; he spoke freely of his work in Lyon against the Resistance, but he impressed Kolb as being "clean."

In May, a clipping from a Paris newspaper, with the headline "Arrest Barbie Our Torturer," was brought to Major Browning's attention. "During the occupation," the article said, "he burned his victims with an acetylene torch to make them confess during interrogations which lasted more than 48 hours." Major Browning showed the clipping to his commanding officer, Colonel David Erskine, who dismissed it.

Kolb, like Colonel Erskine, did not give the article much weight. The sources were former Resistance fighters, most of them leftist if not outright Communists, and from what he knew of Barbie, the use of a blowtorch was not in character.

Major Browning, however, ordered Kolb to interrogate Barbie about the article, which Kolb did. Kolb reported on July 20, 1949, that Barbie had been "discreetly interrogated ... with negative results."

Although Kolb's report silenced Major Browning, after the publication of the Paris article, Barbie was dropped from CIC records

as a precaution. In every practical respect, however, his situation remained the same. He continued to live in a CIC safe house in Augsburg as a paid informant.

In the summer of 1949, meanwhile, pressure in France to find Barbie was mounting. Resistance groups clamored for his arrest. The Barbie case entered diplomatic channels.

At a May 4 meeting at CIC headquarters in Frankfurt, Colonel Erskine decided that Barbie should not be placed in the hands of the French. Once more, events conspired to aid Barbie, for Major Browning, who would have objected to the decision, had been replaced as operations officer by a new man who was not familiar with the case. Again, the reasoning was that Barbie knew too much.

A curious situation arose, in which the CIC single-handedly blocked Barbie's extradition by professing not to know where he was. By this time, the State Department was getting "strong notes" from the French demanding that Barbie be surrendered. The U.S. Embassy in Paris was embarrassed by charges that the Americans were harboring him. The U.S. High Commission for Germany, under John J. McCloy, suddenly had the Barbie case dumped in its lap. But when the commission queried the CIC about Barbie's whereabouts, the CIC said his employment had been discontinued in May 1949 and that his whereabouts were unknown. In fact, Barbie remained in Augsburg through the summer and fall of 1950, recruiting agents and conducting interrogations.

But the CIC had painted itself into a corner. With the extradition process under way, if Barbie was picked up, the deception would be found out. Barbie became, in CIC parlance, a "difficult disposal case."

At length, the CIC decided to use a "rat line" developed by its unit in Austria to spirit compromised agents and defectors from the East bloc to South America, via Italy.

On Feb. 21, the Combined Travel Board issued to one Klaus Altman a temporary travel document "in lieu of passport for stateless persons," valid for travel to Austria and Italy. The Italian Consulate in Munich gave him a transit visa for travel through Italy. On March 9, two CIC agents accompanied Barbie, his wife, Regina, their 9-year-old daughter, Ute, and 4-year-old son, Klaus-Georg, by train from Augsburg to Genoa, arriving March 12.

Barbie and his family boarded the Italian vessel *Corrientes*, bound for Buenos Aires on March 23, joining what Marcel Ophuls has called "the diaspora of the torturers." Then Barbie and his family took a train to La Paz, Bolivia. He remained in South America for 32 years.

In France the generation that had known the war did not forget Barbie, and when it became known in 1983 that he had finally been extradited, thanks to the cooperation of the first civilian government in Bolivia in many years, and would stand trial on the very ground where the blood of his victims had been spilled, there was rejoicing. But there was also an uneasy feeling, which helps to explain why it has taken four years to bring him to trial.

The uneasiness in the Barbie case stems from the likelihood that the trial will tear France apart. Barbie, according to his lawyer, Jacques Vergès, will not go down alone, but will turn his trial into the trial of all France. The extent of French involvement in Nazi crimes is known. In fact, 90 percent of the more than 76,000 Jews deported during the German occupation were arrested by the French police, not the Germans.

When the trial begins, the circle will close, with Barbie standing in the dock as both accused and accuser.

BARBIE: On Eve of Trial, Nazis' Victims Honored

(Continued from Page 1)

death for war crimes twice in absentia in the 1950s, still had to be tried.

Mr. Vergès has said that his client will contest all the charges against him. Because of France's 20-year statute of limitations, the original sentences are no longer valid and the charges at his earlier trials cannot be repeated.

Mr. Vergès has long threatened that Barbie will name Frenchmen who collaborated with the Nazis, implying that he will humiliate some prominent figures.

Lawyers for the victims say, however, that they doubt Barbie's ability to do so.

They say that because Barbie was based in Lyon, which was considered the center of French resistance in 1943 and 1944, he would have had little opportunity for contact with the most important collaborators, those who worked for

the collaborationist government in Vichy.

Barbie faces three charges under the "crimes against humanity" article, which requires proof of genocide or racial persecution.

They concern the deportation of 650 people, mostly Jews, to concentration camps; the deportation of 86 Jews seized at the Lyon office of the Jews of France Committee; and the deportation of 44 Jewish children from an orphanage in the village of Izieu. All the children died.

Mr. Vergès has said that Barbie will answer that he is innocent of these charges and maintain that his wartime activities were consistent with his role as an intelligence officer fighting the Resistance.

Apart from witnesses testifying to Barbie's role against Jews during the war, others, such as Elie Wiesel, who was awarded the 1986 Nobel Peace Prize, will describe the hor-

rors of the concentration camps to which they were sent.

In addition, members of the Resistance will recount their experiences under interrogation.

Barbie will take the stand at the end of the week, probably Thursday, to begin his defense, court officials said.

The trial will open at 1 P.M. Monday and Barbie will have the option of deciding whether he wishes to be filmed or photographed.

If he agrees, photographers and cameramen will be allowed into the courthouse for the first 30 minutes.

After the opening minutes, the trial will be filmed under a law passed especially for the Barbie trial, but the film will not be available for 20 years, and then only to historians and lawyers by request. The film will not be available for public viewing for a further 30 years.



Rightists demonstrate in Lyon against the Barbie trial.

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel: 01-623-1277. Prices may vary according to market conditions and other factors.

May 7

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various regional sub-sections like Australasia, Canada, Scandinavia, France, Japan, and Supranational.

United Kingdom

Table of United Kingdom bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like Abbey Natl, Barclays, etc.

United States

Table of United States bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like A T & T, Amgen, etc.

Western Europe (Other)

Table of Western Europe (Other) bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like Amstr Contr, Austria, etc.

Dollar Zero Coupons

Table of Dollar Zero Coupons bond prices, listing Issuer, Mat, Price, Yld, and various sub-sections like A B & C, A B & F, etc.

DM Straights

Table of DM Straights bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like Amro Bank, Astoria, etc.

Non-European

Table of Non-European bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like Air Canada, Air France, etc.

DM Zero Coupons

Table of DM Zero Coupons bond prices, listing Issuer, Mat, Price, Yld, and various sub-sections like Austria, Belgium, etc.

Supranational

Table of Supranational bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like A B & C, A B & F, etc.

Treasury Bonds

Table of Treasury Bonds, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like Treasury Note, Treasury Bond, etc.

Yen Straights

Table of Yen Straights bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like A B & C, A B & F, etc.

Euromarkets At a Glance

Table of Euromarkets At a Glance, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like U.S. 10 Year, U.S. 5 Year, etc.

Chicago Exchange Options

Figures as of close of trading Friday, May 8

Table of Chicago Exchange Options, listing various options contracts with columns for Call, Put, and other details.

DM Straights

Table of DM Straights bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like Amro Bank, Astoria, etc.

DM Zero Coupons

Table of DM Zero Coupons bond prices, listing Issuer, Mat, Price, Yld, and various sub-sections like Austria, Belgium, etc.

Non-European

Table of Non-European bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like Air Canada, Air France, etc.

Supranational

Table of Supranational bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like A B & C, A B & F, etc.

Treasury Bonds

Table of Treasury Bonds, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like Treasury Note, Treasury Bond, etc.

Yen Straights

Table of Yen Straights bond prices, listing Issuer, Con, Mat, Price, Yld, and various sub-sections like A B & C, A B & F, etc.

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Fund Turnover: How Important?

HOW CLOSELY SHOULD prospective mutual fund investors scrutinize portfolio turnover rates? Is there a correlation between a manager's trading activity and fund performance? Such questions have long been debated by investors, but have become particularly relevant with the increasing number of aggressive funds that turn over assets at a dizzying pace.

Like individual investors, fund managers must weigh the potential returns on new investments with the costs of trading. These costs include not only brokerage commissions but also the difference between bid and offered prices for stocks, called the spread. In the quest for gains, the job of the manager is to make sure profits are not consumed by trading costs.

One measure of trading activity is the turnover rate, which can be found in fund prospectuses. To calculate the rate, the fund determines the total value of purchases and of sales for the year. Then it takes the lower of those two figures and divides it by the fund's average annual asset value.

Stock funds in the United States have an average turnover rate of about 80 percent, according to Gerald Perritt, editor of *The Mutual Fund Letter*. A typical fund holds a stock an average of 15 months, he says.

According to Mr. Perritt, mutual funds with higher turnover rates generally have not been able to offset their increased transaction costs with better performance. In a recent study, Mr. Perritt divided 40 mutual funds into two groups: one with an average turnover of about twice a year, and another with turnover of about once every five years. The study showed that the mutual funds with the lower average turnover outperformed those with higher turnover by 15 percent in 1985 and 5 percent in 1986.

"The difference in performance between high and low performance funds can be traced back to trading costs," Mr. Perritt says. "The more you trade, it takes all the running you can do to stay in the same place."

OTHERS QUESTION his findings. "The studies have indicated a relationship between higher turnover rates and lower performance," says Robert Levy, president of CDA Investment Technologies Inc. in Silver Spring, Maryland. "But the difference in performance is so small that it could have been the result of statistical error."

Yet, Mr. Levy acknowledges that his own studies have generated similar results. Mr. Levy's research shows that bank trust departments, which had an average turnover rate of 33 percent, or once every three years, have consistently outperformed mutual fund managers, whose turnover rates averaged 62 percent last year.

Surprisingly, total transaction costs for fund managers average 4 percent, about the same as they are for individual investors, according to Mr. Perritt. While brokerage commissions are a smaller component, he notes, the costs associated with the spread between bid and ask prices are greater with higher volume.

On that basis, a fund manager who turns over assets twice a year would have to earn a return of 20 percent to keep pace with the Standard & Poor's 500 Stock Index 60-year annual average of 12 percent, Mr. Perritt notes. Only nine mutual funds have averaged better than that in recent years, he adds. "This books heavily against turning over portfolios very frequently."

The average mutual fund turnover rate is on the rise, reflecting profit-taking and efforts by managers to keep up with the more rapidly rotating leadership among sectors of the stock market, Mr. Perritt says. "That generally happens in an ongoing bull market," he says. "In a bear market, it tends to go down."

INDEED, A NEW CROP of small, aggressive funds have sprouted in the last few months. T. Rowe Price's Capital Appreciation Fund, which has a turnover rate of 130 percent, tries to "take advantage of short-term profits, particularly when the market is vulnerable on the downside," says Richard Fontaine, the fund's president and manager.

"The turnover should be irrelevant," Mr. Fontaine argues. High turnover is justified by an increase in performance, he says, noting that his \$77 million fund earned a total return of 19.7 percent in its first ten months. "The bottom line is how much money you made."

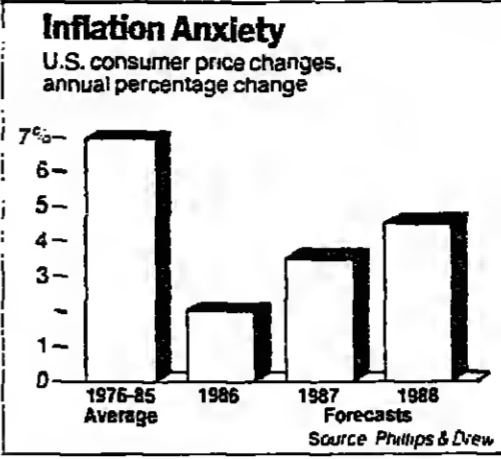
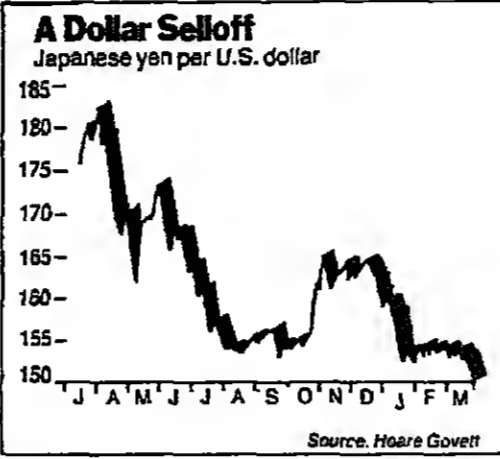
By comparison, The Acorn Fund, a Chicago-based mutual fund that invests about \$500 million in small capitalization stocks, has a turnover rate of only 34 percent. Trading in these relatively illiquid stocks "can be arduous and expensive," says Ralph Winger, the fund's manager.

"We don't try to catch every ripple in the ocean," explains Mr. Winger, who finds turnover rates very descriptive of a fund's philosophy. "The majority of successful investors have generally done well by sitting with their funds for incredibly long periods of time."

Alex Barnum

Shifting Gears in a Volatile U.S. Bond Market

What Derailed The Rally in U.S. Bonds



After the bloodbath in April, higher coupons are luring buyers who see a slack economy.

By William McBride

New York

IAN MACKINNON HAS A WORD for it: "monomania." That is how the senior vice president at Vanguard Group, a fund management firm in Valley Forge, Pennsylvania, describes the bond market's tendency to be obsessed with a single figure that seems to sum up its anxieties. In the past, there was the money supply, then the price of oil. Lately, the affliction has been dollar "monomania."

It was the dollar's wrenching dive to a postwar low against the yen that ignited panic among bond investors in late March. From then through the first of May, the value of long-term bonds shrank 12 percent as yields soared from 7.5 percent to 8.75 percent.

Even more unnerving was the volatility of the slide. During April, the average daily price change of long-term bonds was \$10 for every \$1,000 face amount. That seemed to erase definitively any quaint notion of bonds as conservative investments.

"I can't remember a time when market psychology has been more unstable," says David Jones, chief economist at Aubrey G. Lanston in New York, a dealer in government bonds.

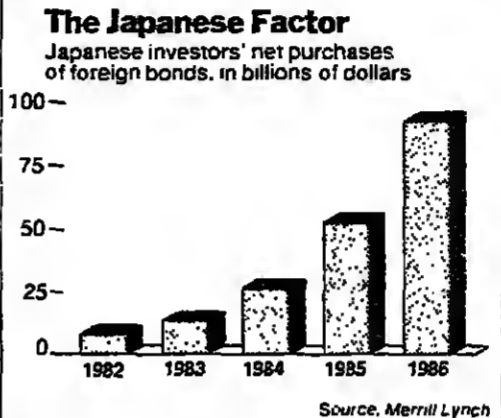
Last week, the market was able to end on a hopeful note after a series of auctions of U.S. Treasury debt found adequate demand at the higher interest rates. But the question for investors in the new issues was whether the higher coupons sufficiently compensate them for the risk that interest rates could be forced even higher.

The answer from many money managers and economists is yes, and then some. In fact, they believe the fixation on the dollar has caused investors to ignore the weakness in the world economy that may result in a return to lower interest rates later in the year.

"I think the market is overreacting," says Art Micheletti, director of U.S. research for Ballard, Biehl & Kaiser, a San Mateo, California, money management firm. Slow economic growth could bring long-term U.S. interest rates back down to about 7 percent by the end of the year, he says.

While other analysts are less certain that long-term

Continued On Page 8



THE FEARS The precipitous decline in the dollar raises fears that U.S. inflation could surge, especially if the economy builds up momentum. Some commodities prices are already showing sharp rises. Another worry is that Japanese institutions would shun U.S. Treasury debt because yields are not high enough to offset the currency risk.

DEADLINE Two Nikko Securities employees confer outside the Federal Reserve building in lower Manhattan before putting in a bid for 30-year U.S. Treasury bonds.

GOLD

Hectic Sessions In the Gold Pit

The volume is evidence of the rally's breadth.

By John Meehan

TRADERS WERE ANNOYED, exchange officials flustered. But for eager goldbugs, the overwhelming volume that swamped the New York Commodity Exchange and forced it to shorten its dealing hours last week to resolve leftover trades was just another symptom of the growing interest in precious metals.

The Comex's problems began April 27 when silver prices suddenly fell 40 percent to \$7.20 an ounce. The resulting hectic trading quickly overburdened the market's computers. At the end of the day 50,000 trades were unmatched.

"The Comex just isn't used to this kind of activity," says Bette Reppopoulos, precious metals analyst with Prudential-Bache Securities. Indeed, in the five trading days preceding April 27, daily volume averaged 183,000 futures contracts, more than double the normal turnover.

Gold and silver prices have since recovered and Comex officials hope to clear their books of unresolved trades by Monday. But a growing number of analysts believe the rally in precious metals—especially gold—is just beginning.

Gold began the year at \$405 an ounce and briefly traded above \$475 on the Comex a couple of weeks ago. It has since fallen back and recovered, hovering around \$455. Similarly, silver, which has led the way in the current rally, has climbed back to around \$8.00 after a sharp correction.

The retrenchment, analysts say, was actually a healthy sign. Gold prices have been rising slowly, but steadily, since February 1985 when they stood at \$281.20. Each major step, however, has been matched by a subsequent drop in price that left

Continued On Page 8

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BOURSES

Emerging Growth Stocks, French Style

By Jacques Neher



ON THE FACE OF IT, things could not be better for the Bourse. Over the past four years, the CAC index of French stocks has more than quadrupled. Last year alone, it soared by 50 percent and it has advanced another 15 percent so far in 1987.

But a growing number of money managers are inclined nowadays to talk about the dearth of affordable growth stocks in Paris. It is a complaint that is hardly unique to the Bourse. Decent value is hard to come by anywhere thanks to the prolonged equity rallies. Yet it does mean that investors in Paris will have a tougher time.

"The market has become fully priced," says Hugh Priestley, a director with Henderson Administration PLC, a London-based fund manager. "You have to be a bit careful committing more money to it. You have to take more of a six-month view."

Indeed, finding a bargain in Paris has become quite a challenge. Brokers and research analysts have tended to limit their search to a handful of sectors, spending much of their time combing through the second *marché*, which is populated with smaller, emerging companies.

Financial services is one sector that has received a lot of attention. Analysts are especially keen on companies positioned to profit from the planned reforms on the Bourse.

Continued On Page 9

On the Bourse, traders are busy and bargains scarce.

GOLD

Hectic Dealing Bolsters the Case for Gold

Continued From Page 7

gold prices slightly higher than they were before. This was the case in October when prices rose to \$460 an ounce.

The rally was initially led by platinum, which soared to \$675 an ounce on belief that South Africa would cut off precious metal supplies to the United States in retaliation for trade sanctions. Prices settled back when it became apparent this would not occur. "It's certainly not going to be a repeat of the late 1970s," says Michael Oliver, a gold analyst with James Capel & Co. in London. "Prices won't take off into the stratosphere. But we're still in a bull trend."

Although talk about the stability of South Africa arises often in the gold market, it is generally seen as a minor factor to the current price increase. Instead, analysts attribute the latest flurry of activity in the precious metals market to concern about the weakening dollar and its inflationary implications for the United States. These same worries have already unsettled U.S. stock and bond markets, accelerating investor interest in gold as a hedge.

Two weeks ago, for example, Shearson Lehman Brothers suggested to clients that they allocate 5 percent of their portfolios to gold bullion. Some portfolio strategists have suggested an even bigger commitment.

The diversification, gold specialists say, could help offset the 100 metric tons (110 short tons) of surplus production that has plagued the market in recent years. "As more people get interested, more and more gold is getting taken off the market," says Gail Levey, who tracks precious metals for Shearson Lehman.

To be sure, not all investment strategists agree that the fundamentals are in place for a sustained rally. Hard evidence that inflation is coming back strong is sparse, some argue.

After increasing 1.1 percent in the United States last year, some experts think prices will rise between 2.5 percent and 4 percent this year — significantly lower than the double-digit rate that ignited the rally in the late 1970s and helped carry prices over \$800 in 1980.

Yet, many analysts say that double-digit inflation is no longer a necessary ingredient. A modest increase, they argue, will be enough to sustain the market. "The perception is that inflation will rise," Ms. Raptopoulos says. "That's the biggest factor."

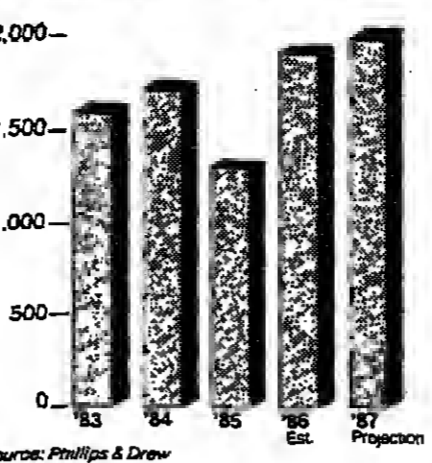
No one rules out a steeper correction. Ms. Levey sees the lower support level at around \$440. Martin Armstrong, a technical analyst and chairman of Princeton Economic Consultants in Princeton, New Jersey, sees the possibility of gold dropping to \$430, or to \$408 in a worst-case scenario.

Yet, most analysts do not view this as a cause for concern. Over the next couple of months, experts expect gold prices to continue to move inversely to the dollar. Only a strengthening of the dollar, they say, will derail the rally.

As long as the current uncertainties prevail, they believe, more investors will turn to gold. Already, dealers talk confidently of \$500 an ounce, although timing forecasts differ.

Gold Supply

World supplies in metric tons. Includes scrap and official reserves.



Source: Phillips & Drew

Jack Schwager, a technical analyst with PaineWebber Inc., believes prices will gradually recover in the coming weeks. If they top the highs reached a couple of weeks ago, he says gold could quickly climb to \$500 by the summer. "I think we're overheat near the end of this rally," he says. "But it is important to see how fast it gets to those highs."

Jack Jones, a gold analyst with Phillips & Drew in London, says prices will likely consolidate around current levels in the near term, but sees \$500 toward the end of the year.

IN MANY WAYS THE DOLLAR remains a key, Mr. Armstrong notes that gold has fallen in price in terms of other currencies, notably the yen and Deutsche mark. Until there is significant buying from investors in Europe and Asia, he says it will be difficult to sustain a rally.

"This is the first stage," he says. "The real bull market has not yet begun."

Mr. Armstrong expects the current stage — in which the increase in prices merely offsets a declining dollar — to continue in the near term. The dollar, he reckons, will drop another 15 percent in value through the summer.

By September or October, however, he believes the dollar will stabilize. At that point, gold will have dropped to its lowest point in terms of non-dollar currencies and begin to attract substantial investment from outside the United States. "We won't get above \$500 until the dollar stabilizes," he cautions.

If gold makes it above the \$500 level and shows some staying power, most analysts predict a sustained rally marked by rapid price movements. Mr. Armstrong is already talking about \$1,000 an ounce by 1989 given the fact that more investors are willing to dabble in gold than ever before.

Many analysts agree that prices will move quickly, in large part because of a greater acceptance among American investors of gold as a legitimate investment. One indication of this is the heavy volume of gold coin sales in the United States. Since it was introduced by the U.S. Treasury last October, the public has purchased over 2 million ounces of American Eagle coins.

"Once it goes," says Prudential-Bache's Ms. Raptopoulos, "it will go quickly."

BONDS

Bonds: Shifting Gears

Continued From Page 7

yields will retreat that much, they agree that there is no serious risk yet that the economy will overheat and drive interest rates higher.

"The economy is weak," Mr. MacKinnon argues, and not just in the United States. "We see a lot of slack in productive capacity worldwide. We wonder where the demand for credit is coming from."

Indeed, even a sharp drop in U.S. unemployment reported on Friday failed to dent the market's post-auction confidence. To some extent, that appeared to be because the 0.3 percentage-point drop in the jobless rate in April, to 6.3 percent, was seen as a tentative sign of more vigorous economic growth and thus also buoyed the dollar.

But another reason is that the recent rise in interest rates will itself act to restrain the economy, notes Robert Chanross, chief economist for Lloyds Bank operations in New York. "It's going to have particularly negative effects on the housing sector," he says. He believes that long-term interest rates are near their high point for the year.

Merrill Lynch, the U.S. investment firm, estimates that the economy will grow at an annual rate of only 2 percent for the rest of the year. With the export sectors of Japan and West Germany industry burdened with strong currencies, those two economies may not manage to match U.S. growth, according to estimates by Phillips & Drew, the British brokerage firm.

BACKERS OF BONDS say that with slack economic growth, the Federal Reserve will be reluctant to tighten credit much beyond the "nudge" upward in short-term rates that Chairman Paul A. Volcker recently acknowledged in Congressional testimony. Nor will the Fed need to do so to attract foreign investment in U.S. Treasury debt, these analysts reason.

The differential between long-term dollar and yen interest rates is nearly 5.5 percentage points, helping allay fears that Japanese investors will desert the American bond market. While Japanese demand was not overwhelmingly strong in last week's auction, say market observers, it was sufficient to calm fears of a pullout.

From the viewpoint of a Japanese investor, "we calculated that the dollar could depreciate another 70 percent," and U.S. bonds would still be attractive compared with yen bonds, says Mr. MacKinnon of Vanguard. Meanwhile, there are reports that Japan and West Germany will move as soon as this week to bring official interest rates still lower, which would support the dollar.

Even if the dollar weakens further over the year, as many analysts expect, inflation worldwide is expected to remain moderate. Most forecasts for U.S. inflation in 1987 are in the range of 3.5 to 4.5 percent. Though there was a pickup in the rate of increase in the first quarter, "you're not getting a lot wage pressure," Mr. Micheletti notes.

But the attitude toward inflation could change rapidly if the rise in commodities prices suddenly gathers steam. "If the commodities indices were to keep going up, the market would be apprehensive," cautions James Kochan, chief fixed-income strategist of Merrill Lynch.

In the U.S. Treasury market,



Paul Volcker confirmed that the Fed was giving rates a nudge upward.

investors who remain concerned about volatility can find attractive yields in maturities of two to four years, Mr. Kochan says. Yields in these maturities are running from 7.5 percent to 8 percent, not much less than the yields on longer-maturity bonds. Yet these shorter maturities are less volatile in price.

For more nimble investors, he says U.S. mortgage-backed securities offer enticing yields of 9 percent and over. But investors in these securities should be aware of their special features. If interest rates head lower, homeowners may again start to refinance their mortgages. That would reduce the returns on these securities.

WITH THE OUTLOOK for the dollar still negative and interest rates in Japan and West Germany likely to head lower, managers of international bond portfolios continue to give heavy weightings to securities in other currencies. Michael Rosenberg, vice president of international fixed-income research at Merrill Lynch, devotes about 35 percent of his model portfolio to Deutsche mark bonds.

"A lot of people say you go to sleep watching the German market, but that might be a good thing, compared to the other markets," he says, describing his over-

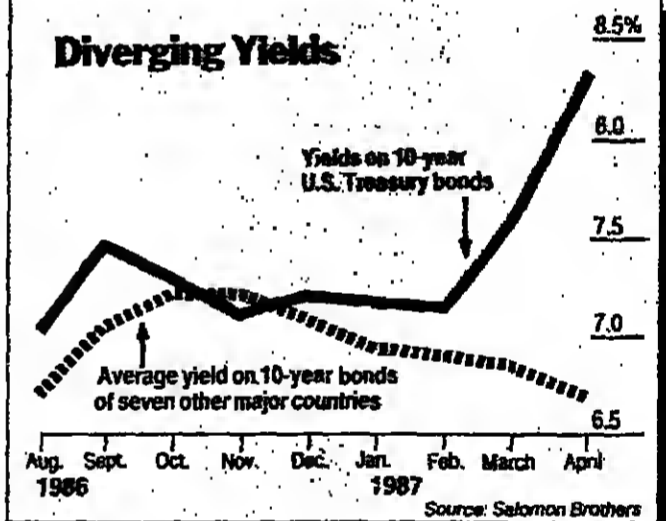
all posture as defensive. Dollar bonds account for about 25 percent of the portfolio, and yen bonds about 15 percent. The balance is in the Canadian dollar, British pound, Australian dollar and New Zealand dollar.

Mr. Rosenberg is underweighting the Japanese bond market because he believes prices of the benchmark 10-year issue are too high, based on the economic model he uses. Leslie Nenberg, manager of Massachusetts Financial International Trust-Bond Portfolio, regards his yen holdings as a currency play, though he declines to predict how much further the yen will rise. "I'll be happy to get the direction right," he says.

Gilts — British government bonds — have been stars of the last three months as the pound has risen and interest rates have fallen. With elections expected in June, the pound's buoyancy has been helped by the Thatcher government's gain in public opinion polls.

Robert Thomas, economist at W. Grenwell & Co., says prices of 10-year gilts could climb further. He estimates that the 10-year gilt, now trading at around 9 percent, should fall to around 8.25 around the election period.

Phil Roosevelt in New York contributed additional reporting on this article.



Source: Salomon Brothers

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NASDAQ National Market

OTC Consolidated trading for week ended Friday, May 8

Main table containing NASDAQ National Market data with columns for Stock Symbol, Price, Volume, and Change. Includes sub-sections A through R.

(Continued on next left-hand page)

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American Exchange Options

Figures as of close of trading Friday, May 8

Table with columns for Option & price, Calls, Puts, and various stock symbols like USMC, USMC, USMC, etc.

RELIANCE: Delhi Alleges Smuggling at Fast-Growing Indian Textile Giant

(Continued from first finance page) Intelligence officials here said in May 1985 Reliance...

U.S. Rates High, Volcker Says

CARACAS — Paul A. Volcker, the U.S. Federal Reserve Board chairman, has expressed optimism that the dollar will stabilize...

Mutual Funds

Figures as of close of trading Friday, May 8

Table with columns for Bid Ask, various fund names like AARP Inv, AARP Inv, AARP Inv, etc.

NASDAQ National Market

OTC Consolidated trading for week ended Friday

Table with columns for Sells In, High, Low, Close, Net, and various stock symbols like Sells In, High, Low, Close, Net.

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Multiple columns of classified ads for escorts and guides, including agencies like ESCORT SERVICE, REGENCY NY, LA VENTURA, etc.

Herald Tribune Reaching More Than a Third of a Million Readers in 164 Countries Around the World.

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New International Bond Issues

Compiled by Laurence Desvillettes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, and week, Terms. Rows include floating rate notes (FERARI 2, Cariplo) and fixed-coupon bonds (Hydro Resources & Development, etc.).

Prices Rise On Dollar's Firmness

By Carl Gewirtz International Herald Tribune... PARIS—AT&T has announced plans to tap the Euro-commercial paper market...

AT&T Plans to Tap Euro-CP Market

Company officials said last week that the program was aimed at expanding its investor base and diversifying its source of funds...

Kuwait Reopens Bond Market for Foreign Issuers

KUWAIT—Finland has become the first foreign borrower in five years to raise money in the Kuwaiti bond market...

U.S. CREDIT MARKETS

nese participation at the \$29 billion refunding, bond prices climbed and yields dropped on Friday. Attention was focused on the new bellwether Treasury long-term bond...

INTERNATIONAL CREDIT

At the end of the fourth year, the option holder can elect to convert the loan into yen. For lenders, this means the dollar loan would be repaid and replaced by a loan in yen...

U.S. Consumer Rates

Table with columns: Consumer Rates, May 8. Rows include 3-Month Treasury, Money Market Funds, etc.

CAIRO Market Frozen, Exchange Rules Awaited

CAIRO — Money changers on Egypt's unofficial market froze operations Sunday as they awaited a government decision on establishing a free foreign exchange market...

OECD: Dilemma of U.S. Trade Deficit, World Growth to Dominate Meeting

(Continued from Page 1) surplus or deficit — is itself an indicator of maladjustment. It's also accepted, in principle, that the major countries need to coordinate economic policies...

Without stronger economic growth, "it would become inevitable that within countries and between countries frictions, misunderstandings and tensions would multiply."

Today, it's apparent that floating exchange rates are not the panacea politicians expected. The imbalances will not painlessly disappear. Market forces cannot be trusted to push exchange rates to whatever level may be needed to restore balance...

TF-1 Offering Expected in June

PARIS — The denationalization of France's TF-1 television network is likely to be completed with a public share offering at the end of June, the channel's new operator, Francis Bouyguès, told a TF-1 interviewer Sunday...

BONDS: Doubts on Dollar

(Continued from first finance page) coupon of 4 1/2 percent. Terms on both were considered unattractive. The Australian dollar sector remained very active...

Western Energy Ministers to Discuss Oil Security

PARIS — Despite forecasts of sharply higher dependence on Middle East oil in the 1990s, Western oil-importing nations are reportedly planning new moves to avert a possible supply crunch and price surge...

Gulf Council to Meet

Oil ministers of the Gulf Cooperation Council, which groups Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Bahrain, Oman, will meet May 19-20 in Saudi Arabia to coordinate production policies before the OPEC conference on June 25 in Vienna...

Advertisement for St. Regis Sheraton hotel, featuring a photo of a man and text: 'You have many places to go in New York. But only one place to stay.'

Advertisement for Antiquities Auction: 'Following the death of the Islamic art historian, Antony Huff, some 18 months ago, a part of his important and superb collection has now been released by his mother to A Wellesley Briscoe and Partners Limited for a VERY IMPORTANT AUCTION OF THE FIRST PART TO BE AUCTIONED IN LONDON THE ANTONY M. HUFF COLLECTION OF RARE ANTIQUE EASTERN RUGS & TEXTILES'

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Table titled 'SELECTED U.S.A./O.T.C. QUOTATIONS' with columns: Bid, Ask. Rows include Blitzer Corp, Chiron, GoodMark Foods, etc.

ANNOUNCEMENT The Board of Directors of Hochtief S.A., which met April 28, 1987 under the chairmanship of Jean-Luc LAGARDE...

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SPORTS

SPORTS BRIEFS

Taniguchi, Kristiansen Win London Race

LONDON (AP) — Hiroshi Taniguchi of Japan won the London Marathon on Sunday in 2 hours 9 minutes 50 seconds, while Ingrid Kristiansen of Norway won the women's race but failed to lower her world record and become the first woman to break 2 hours 20 minutes for a marathon.

Couples Takes 2-Stroke Lead in U.S. Golf

IRVING, Texas (UPI) — Fred Couples shot a six-under-par 64 Saturday and moved two shots ahead of Bob Lohr and Ben Crenshaw after three rounds of a Byron Nelson Classic being played in calm, sunny weather and on near-perfect greens.

Solution to Friday's Puzzle

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ARCADIE OGLER
RAH EDITOR GALA
CLAP DRUSE SNOB
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HEX SERENE RIEK

Quotable

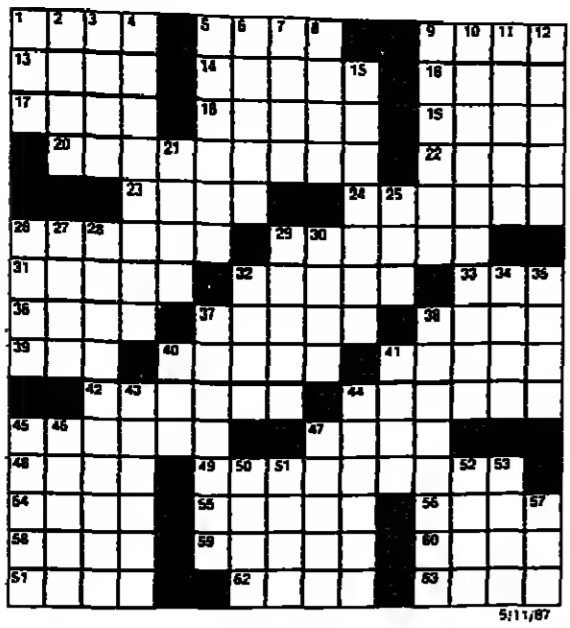
Rafael Ramirez of the Atlanta Braves, on why so few major league players from the Dominican Republic get bases on balls: "You have to swing like a man. A walk won't get you off the island." (LAT)

Overdose of 'Dosage System' in U.S. Racing

By Steven Crist
NEW YORK — The best thing about Saturday's Preakness Stakes, other than the Maryland crab cakes, is that no one will be talking about the Dosage System.

Like most miraculous methods that claim to pick high-priced winners while never losing, this one is seriously flawed.

success, since those results were factored into the design of the system. This is known as regression analysis — inventing a system to explain past occurrences. A system that claimed a perfect record by saying that no horse with 14 letters in his name has ever won the Derby in the mud looks great next to 113 years worth of positive Derby results, but is worthless for future years.



- ACROSS
1 Captain of the Pequod
5 It must go on
9 Fundamentals
13 Selmi's shop
14 Man in a cage
16 Pinball problem
17 Spoken
18 Altair
19 Inter (among other things)
20 Snooker's relative
22 2 years before Hastings
23 Garrison
24 Approved
26 Hercules's dozen
29 Brawny
31 Nimble
32 Outcomes
33 Feed-bag morsel
36 Canasta play
37 Aluminum wraps
38 Undorned
39 Adult elver
40 Genetic duplicate
41 Metric measure
42 Guarantee

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"CAN I HAVE A QUARTER AND WHY NOT?"

WEATHER

Table with weather forecasts for various regions including Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania.

MONDAY'S FORECAST — CHANNEL: Slight; FRANKFURT: Cloudy; Temp. 19-4 (64-43); LONDON: Overcast; Temp. 15-16 (59-61); MADRID: Fair; Temp. 24-4 (75-43); NEW YORK: Partly cloudy; Temp. 15-19 (59-67); PARIS: Cloudy; Temp. 18-4 (64-39); ROME: Cloudy; Temp. 17-20 (63-68); TEL AVIV: Not Available; ZURICH: Cloudy; Temp. 19-5 (66-41).

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

The Amsterdam stock exchange made a weak start, but the trend was reversed and the ANP-CBS general index finished Friday at 285.6, up from 280.6 the previous week.

Frankfurt

West German banks lost ground but automobiles showed gains in a generally buoyant market here last week.

Hong Kong

The Hong Kong stock market made strong gains in hectic trading last week, with the Hang Seng index shooting past the 2,800-point barrier on Friday.

London

The prospect of a June general election, the improved likelihood of a Conservative victory after the party's success in local elections and a fresh cut in British interest rates combined to send shares to new peaks last week on the London Stock Exchange.

Milan

After nearly two months of buoyancy that, surprisingly, had coincided with the worst of Italy's political crisis, Milan stocks declined sharply last week. The Comit Index fell by 2.9 percent, to close Friday at 745.60.

Tokyo

Tokyo stock indexes soared to record highs last week after U.S. Treasury securities apparently met unexpectedly strong demand at auctions.

Zurich

The Credit Suisse index advanced from 528.2 to 535.8, while the SBS index moved up from 621.7 to 633.6.

PEANUTS



BLONDIE



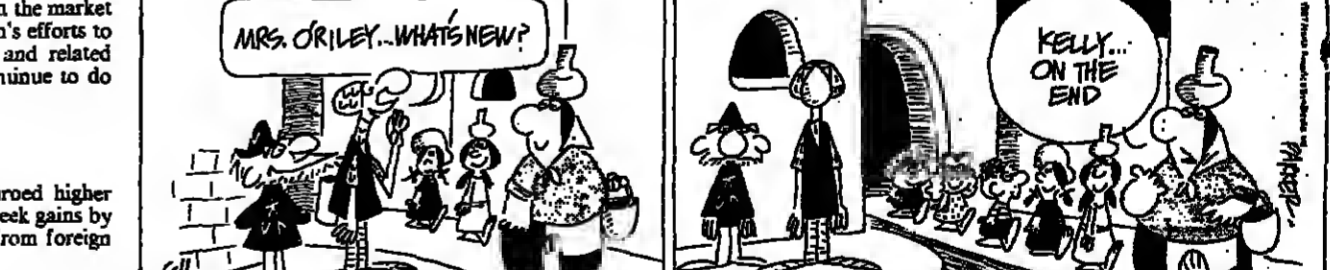
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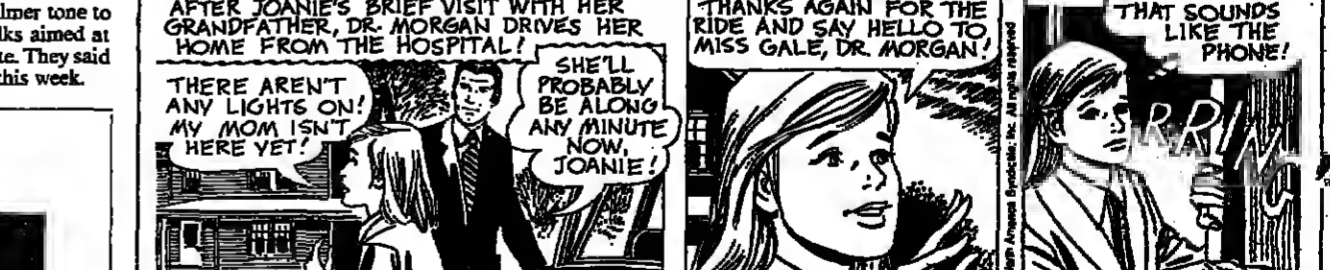
ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



Advertisement for CHIVAS whisky with the text 'What word best describes it?' and an image of a Chivas bottle.

Advertisement for a Japanese restaurant with a handwritten sign 'Ippay, ciro 1520' and a stylized logo.

SPORTS

Braves Sweep Mets on Two-Out Pop-Up

Compiled by Our Staff From Dispatches ATLANTA — Albert Hall doubled in the tying run Sunday when his pop-up to right field got lost in the sun, then scored the game-winning run on Rafael Ramirez's two-out single as the Atlanta Braves rallied to beat the New York Mets, 8-7. That completed a three-game sweep for the Braves, their first over the Mets since April 22-24, 1983, and put New York's weekend record this year at 0-10. The loss dropped the Mets two games below .500, at 13-15, for the first time since Oct. 2, 1983. The Braves led 6-1 before the Mets got six runs in the eighth to lead, 7-6, on Howard Johnson's three-run homer and pinch-hitter Mookie Wilson's two-run single. Bruce Benedict started the Braves' rally with a double to left off Jesse Orosco. With two out, Hall popped to shallow right, where neither second baseman Tim Lincecum nor right fielder Darryl Strawberry could make the play. Teufel, shading his eyes from the sun, apparently was under the ball until he was called off by Strawberry, who let the ball drop in front of him. Expo 6, Astros 2: In Montreal, Tim Lincecum got two hits, drove in two runs and stole two bases while Mitch Webster had three hits and scored twice against Houston. Raines is batting .387, with 12 hits in 31 at-bats and four game-winning RBIs in his eight games since return-

SUNDAY BASEBALL

ing to the Expos on May 2 as a free agent. He also has three home runs, with a total of 10 RBIs. Phillies 4, Reds 3: In Cincinnati, Juan Samuel and Lance Parrish homered and Stane Rawley pitched scoreless innings for Philadelphia. Kawley took a five-hit shutout into the eighth but gave up one-out singles to Tracy Jones and Barry Larkin, followed one out later by Eric Davis's 13th homer this season. The game was delayed 17 minutes in the first inning after the Reds' starting, Ted Power, was stung on his pitching hand by a bee. After the swarm was dispersed, and Power got treatment for the sting in the clubhouse, he resumed pitching. He allowed only six hits over eight innings, and gave up one career-high 11, but had his nine-game winning streak ended. Yankees 6, Twins 1: In the American League, in New York, Charles Hudson pitched a six-hitter to run his record to 5-0 while his teammates stole seven bases and Gary Ward drove in three runs against Minnesota. Rickey Henderson stole three of the bases, with Ward, Claudell Washington, Willie Randolph and Wayne Tolleson each stealing one. Hudson lowered his earned-run average to 1.94 while striking out four and walking three. The right-

hander, acquired in an off-season trade with the Philadelphia Phillies, gave up his only run when Randy Bush doubled in the fifth inning. Ward, who leads the Yankees with 26 RBIs and has a .441 batting average with runners in scoring position, hit a two-run single in the first inning and singled home a run in the sixth. Indians 4, Royals 2: In Cleveland, Greg Swindell struck out a major league season-high 15 batters and Rick Dempsey doubled in two runs to help end Kansas City's six-game winning streak. The Indians had lost six straight. Swindell struck out seven in the first three innings and at least one in every inning except the fifth. He allowed 11 hits and walked two, while producing the most strikeouts of a Cleveland pitcher since Sam McDowell struck out 15 Oakland batters on July 6, 1970. Mariners 5, Brewers 1: In Milwaukee, Ken Phelps hit two home runs as Seattle swept the three-game series. The loss was the sixth straight for the Brewers, who won their first 13. Phelps hit a bases-empty homer in the first and a two-run shot in the fourth, giving him 10 for the season. It was his third two-home run game this year. Red Sox 7, Angels 6: In Boston, Bruce Hurst pitched a five-hitter for his second consecutive shutout while Mike Greenwell homered

and drove in four runs against California. Hurst, who blanked Oakland, 6-0, last Tuesday, struck out nine and walked one for his 12th major league shutout and his third this season. The Red Sox jumped on Don Sutton for seven hits and five runs in the first three innings, ending the 42-year-old right-hander's bid for his 31st victory. Ellis Burks, called up from the minors on April 29, led off the bottom of the first with a bunt single, stole second, took third on a fly to center and scored on Wade Boggs's double off the wall in center. Burks opened the third by hitting Sutton's first pitch into the screen in left for his first major league homer. Marty Barrett and Boggs followed with singles and Greenwell, starting in left field as Jim Rice rested an ailing elbow, lined the next pitch into the stands in right for his fourth homer. Tigers 7, Athletics 6: In Detroit, Lou Whitaker hit a three-run home to help rally the team from a 4-0 deficit and Darrell Evans' two-run shot in the eighth inning beat Oakland. Mark McGwire hit two homers for the Athletics for the second time in three games, giving himself five for a series in which he was 5-for-11. He now has 10 homers this year. (AP, UPI)

Royals' Saberhagen Goes to 6-0 With 2-Hitter Against Indians



Bret Saberhagen No more sliders

Compiled by Our Staff From Dispatches CLEVELAND — Bret Saberhagen, looking again like the Cy Young Award winner of two years ago, pitched a two-hitter Saturday as the Kansas City Royals beat the Cleveland Indians, 4-0. Saberhagen, 23, the American League's Cy Young winner in 1985 with a 20-6 record, and the World Series MVP, pitched a two-hitter for the 12th time in his career. He struck out 12 batters and gave up one error on the disabled list with a sore shoulder. But Saturday's triumph gave him a 6-0 record and a 1.59 earned-run average this season. He had a perfect game until Brett Butler singled leading off the seventh inning, then he gave up a single to pinch-hitter Andre Thornton with two out in the ninth inning. Saberhagen struck out nine and walked none in pitching his fourth two-hitter in the major leagues, the second this season. "I think I'm better because of my three pitches, the fastball, curveball, and change-up," he said. "I don't throw the slider anymore.

Now the curveball is my only pitch, and I throw it better." The Royals scored in the first inning on singles by Juan Beniquez, Angel Salazar and Thad Bosley and Frank White's fielder's choice grounder, then got two runs in the fourth on walks to Steve Balboni and Bill Putsos. Salazar's shortstop RBI single, an error by shortstop Julio Franco and a passed ball. Mariners & Brewers 2: In Milwaukee, Jim Pries and Dave Valby each had two hits and three RBIs to help Seattle win. The Brewers lost their fifth straight and are 7-8 since their 13-0 start. Starting pitcher Juan Nieves, who allowed four runs on three hits and four walks in two-plus innings, has not won since his April 15 no-hitter against Baltimore, excluding that game, he has a 7.88 ERA. Orioles 15, White Sox 6: In Chicago, Eddie Murray became the first major leaguer to homer from both sides of the plate in consecutive games. Bating right-handed, he hit a two-run shot in the fourth to give

er run-scoring double in the fifth. Athletics 8, Tigers 7: In Detroit, Tony Phillips homered with one out and one on and pinch-hitter Ron Cey's two-run double capped a four-run eighth that gave Oakland its victory. Blue Jays 15, Rangers 4: In Arlington, Texas, George Bell homered twice, doubled and drove in seven runs as Toronto won its ninth straight over the Rangers. Bell, who got three hits for the third straight game, used the major-league season high for RBIs in a game. Phillies 4, Reds 2: In the National League, in Cincinnati, Mike Schmidt hit two home runs and Kevin Gross pitched an eight-inning shutout to help Philadelphia end a four-game losing streak. Schmidt, who increased his career homers total to 505, gave the Phillies a 2-0 lead in the first inning, ending an 0-for-13 slump. He led off the sixth inning with a homer to make it 4-0. Braves 5, Mets 4: In Atlanta, Dale Murphy drove in two runs

SCOREBOARD

Baseball

Table with columns for team names and scores. Includes 'Friday's and Saturday's Major League Line Scores' and 'Major League Standings' for American League and National League.

Tennis

Steffi Graf, a three-set winner over Gabriela Sabatini on Sunday.

Table of tennis tournament results including Wimbledon, Davis Cup Qualifiers, and European Zone A First Round.

Hockey

NHL Playoffs

Table of NHL playoff results including Philadelphia Flyers vs Montreal Canadiens and other games.

Basketball

NBA Playoffs

Table of NBA playoff results including Philadelphia 76ers vs Boston Celtics and other games.

European Soccer

Transition

Table of European soccer results including Italian First Division, West German First Division, and French First Division.



Houston's Allen Leavell (right) had to face up to the fact that Maurice Lucas also wanted the ball during Saturday's game.

Rockets and Warriors Facing Elimination

SEATTLE — Tom Chambers and Dale Ellis dismantled Houston's "twin towers," Ralph Sampson and Alkeem Olajuwon, here Saturday, pacing Seattle past the Rockets, 117-102, and into a 3-1 lead in their National Basketball Association playoff series. In the night's other Western Conference confrontation, Mychal Thompson and Michael Cooper came off the bench to spark Los Angeles to a 3-0 edge over 133-108 Golden State. On Friday, Isiah Thomas and John Lucas both responded to challenges in leading Detroit and Milwaukee, respectively, to Eastern Conference semifinal victories. Seattle Coach Bernie Bekerstaff wanted Chambers (who scored a career-high 38 points) and Ellis (who added 32) to soften the Houston defense with perimeter shooting and then drive the lane to draw Olajuwon and Sampson into foul trouble. The strategy worked — Sampson fouled out, and Olajuwon picked up his fifth foul midway through the third quarter. "With Ralph on me," Chambers said, "I wanted to take it to him right away. He respects my outside shot and, when he got in trouble, it was time to go inside." Milwaukee's fifth foul hurt the Rockets. After scoring only 3 points in the first half, Olajuwon hit three straight jumpers to cut Seattle's lead to 75-67 with 5:29 left in the third period. But he then came out to harass Chambers 20 feet (6.09 meters) from the basket for an obvious foul. Bill Fitch, Houston's coach, tossed a towel into the air in frustration. "It was an untimely foul," he said. Lakers 133, Warriors 108: In Oakland, California, Thompson and Cooper scored 23 and 19 points, respectively, to push Golden State to the brink of elimination. Thompson entered the game when Kareem Abdul-Jabbar picked up his fourth foul 15 seconds into the third quarter; he scored 15 points in the period while limiting Golden State's center, Joe Barry Carroll, to 4 points. Cooper, who continued to smother Warrior guard Eric Floyd, hit four three-point shots. In the previous two games, the Lakers had gotten off to slow starts against the Warriors. "Back in Los Angeles, they played extremely well early," said Laker guard Earvin Johnson. "We felt it was very important for us to take out the crowd." James Worley had 14 points in the first quarter, including six on dunks in a 21-6 spurt as the Lakers raced to a 38-24 lead. Johnson had 20 points, 10 rebounds and 14 assists. Carroll, who scored just 6 points in the second half, led the losers with 23. Bucks 126, Celtics 121: In Milwaukee on Friday, Lucas answered Coach Don Nelson's plea for more offense with 30 points as the Bucks won in overtime and cut Boston's series lead to 2-1. "Coach Nelson pulled me off to the side at practice and asked me to become more involved in the offense," said Lucas, who was 12-of-18 from the field and 4-for-4 from 3-point range. "We were able to get the ball into the open court and get some easy baskets." Milwaukee's Sidney Moncrief scored 26 points in overtime and Ricky Pierce, who had 39 points, scored the go-ahead basket with 1:16 left. Pistons 108, Hawks 99: In Pontiac, Michigan, Thomas scored 35 points — including a playoff-record 25 in the third quarter — as Detroit took a 2-1 edge in the series. "The Hawks have said some very unkind things about our team," Thomas said, "some things we didn't deserve. I don't want to go into it, but it's been since the series started." Thomas shot 8-for-11 in the third period, during which the Pistons had a team playoff record 44 points. He added four steals, four rebounds and two assists in dominating the game. "We needed points," Thomas said of his hot third quarter, which topped 23-point periods posted by Bernard King of New York and Gus Williams of Washington. "It couldn't come from our set offense. We needed pretty much some free-throw to freedom. I just felt that I could do it." Atlanta Coach Mike Fratello said of Thomas, "He's not a normal player. That's why he's an all-star. If he was an average kind of player, he wouldn't be able to do that. Sometimes there's not a whole lot you can do but watch." The biggest first-half lead was only four points, but with Thomas leading the charge the Pistons outscored the Hawks by 38-23 for a 79-64 advantage with 3:13 left in the third quarter. Atlanta closed to 85-73 at the end of the third period, but then Dennis Rodman took over, scoring nine fourth-period points for Detroit. (UPI, AP)



When Mats Niland got a little too close for Ron Hextall's comfort, the Philadelphia goalie brought him down to size.

Oilers and Flyers Take 2-1 Leads the Hard Way

United Press International DETROIT — The Edmonton Oilers and the Philadelphia Flyers have taken 2-1 leads in their conference finals of the National Hockey League. When Mats Niland got a little too close for Ron Hextall's comfort, the Philadelphia goalie brought him down to size. "You can't fault Shawn Burr because the puck bounced over his stick." When it was noted that McSorley has seldom been an offensive threat, his coach, Glen Sather, replied, "I don't put him on the power play, do I? But maybe tonight I should have." Flyers 4, Canadiens 3: In Montreal, in the Wales Conference final, Philadelphia had 21 fewer shots on goal than the home team, but rookie goalie Ron Hextall made 36 saves, 19 during a critical first period. Hextall was especially superb in that period, when the Canadiens stormed the net and outshot the Flyers by 21-8, taking a 2-0 lead when Chris Nilan and Chris Chelios scored 50 seconds apart in the opening 5:13. Peter Zedel of the Flyers said that their coach, Mike Keenan, "didn't yell" at his players following the first period "but he made it known that we had to help Hextie. We would have been down 6-0. It was probably one of Ron's best games all year." In the second and third periods, Pelle Eklund collected two goals and assisted on Rick Tocchet's goal, with Brian Propp scoring the winner with 3:09 left in the contest.

